

Approved: 2/6/96
Date

MINUTES OF THE HOUSE COMMITTEE ON TRANSPORTATION.

The meeting was called to order by Chairperson Kenneth King at 1:30 p.m. on February 1, 1996 in Room 526-S of the Capitol.

All members were present except:
Representative Delbert Crabb, excused

Committee staff present: Hank Avila, Legislative Research Department
Tom Severn, Legislative Research Department
Bruce Kinzie, Revisor of Statutes
Ellie Luthye, Committee Secretary

Conferees appearing before the committee:
Representative Don Myers
Bob Totten, Kansas Contractors Association
Wil Larson, Kansas Contractors Association
Mike Welch, BRB Contractors
Mike Brown, Brown and Brown, Inc.
Dick Kistner, Hall Brothers Contractors
Wes Holt, President, Kansas County Commissioners Association
Frank Hemen, Douglas County Director Public Works/Co. Engineer
Robert Fischer, Reno County Commissioner
James Perry, Reno County Commissioner
Jerry Fowler, Saline County Engineer
Mike White, Saline County Commissioner
Richard Maginot, Business Administrator, Soldier Township
Joe Scammey, Montgomery County Commissioner

Others attending: See attached list

Since several bills have been introduced, and hearings held, on license plates for individual groups, the Chair appointed a sub-committee to study this issue and report back to the committee as a whole on their recommendation. Rep. Myers will serve as Chairman with Rep. Dawson, Rep. Long, Rep. Shore and Rep. Pauls also serving.

HB 2666 - county contracts for certain road and bridge work

Hearings opened. The Chair called on staff to give an overview of the bill.

Representative Myers stated this legislation was an effort to further move in the area of privatization of local government functions and could be more efficient for some counties, due to the expense of maintaining and owning expensive construction equipment which may not be utilized but just a few times in the year. (Attachment 1)

Bob Totten was the next conferee to speak in support of **HB 2666**. He stated this bill would encourage the privatization of county projects and create additional jobs by requiring competitive bids for any project in excess of \$10,000. The Kansas Contractors Association believes this legislation would reduce the size of county government which would reduce costs. The Association urged support of this bill. (Attachment 2)

Wil Larson, attorney with the law firm of Gehrt and Roberts, stated the bill would do four things: 1) require letting all projects for bid in excess of \$10,000 for road maintenance 2) include the cost of labor, equipment, materials and overhead in determining the cost of a road project 3) let all projects for bridge and culvert construction or maintenance for bid in excess of \$10,000 and 4) include the cost of labor, equipment, materials and overhead in determining the cost of the bridge project. He concluded 38 other states have some form of similar legislation and it is clear there is a strong consensus that public bidding of public improvements promotes the most efficient use of public funds. (Attachment 3)

Mike Welch listed some of the "hidden costs" counties do not record to analyze what their actual costs are on a

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON TRANSPORTATION, Room 526-S Statehouse, at 1:30 p.m. on February 1, 1996.

project. He suggested a pilot program be set up in each county to use local private businesses to enable county commissioners to be able to be more efficient. He concluded privatization was paying off and those states and counties that understand that is the reason the United States has been a world leader in production, will reduce their expenses and their budgets, thus reducing taxes, increasing quality of the infrastructure, and enable their county and state manufacturers, businesses, and farmers to compete in the United States and world economics. ([Attachment 4](#))

Mike Brown stated under current law Kansas counties may perform work on public roads and bridges with their own forces without being required to do a job cost accounting as long as they stay within the budget. He concluded the competitive bidding system has served our state and country well for many years and will provide the least cost to the taxpayer. ([Attachment 5](#))

Dick Kistner told the committee he was concerned about the increased use of county road crews to do work normally done by contractors in the private sector. He stated letting contracts to bid has been a proven time tested practice and is the best known method of economically providing services that the taxpayers desire. ([Attachment 6](#))

Following questions from the committee the Chair called on the opponents for their testimony.

Wes Holt, President of the Kansas County Commissioners Association, stated the Association believe that counties must retain the ability and the flexibility to determine if it is in the best interest of the taxpayers of that county to bid out projects or perform the project with available county labor and equipment. He emphasized that the Association believes that current law is adequate and urged the committee not to take action on this bill. ([Attachment 7](#))

Frank Hempen, Jr. spoke in opposition to **HB 2666** stating this legislation would impose stricter bidding requirements on counties than cities, DOT or regent institutions; the majority of counties do not have the benefit of professional engineering staff assistance; some types of work such as snow and ice control are not of interest to contractors and county employment is a valued contributor to the local economy in many small and mid-sized counties. ([Attachment 8](#))

Robert Fischer stated the current Kansas Statutes allows the Board of County Commissioners the flexibility to either let contracts for all or any part of the road and bridge maintenance or accomplish this work in house. When the word is changed from may to shall the Board loses the ability to make a decision at the local level that would impact the local taxpayers. He concluded the current statutes have worked well in the past and this proposed legislation would eliminate all flexibility of the local government. ([Attachment 9](#)) He also presented a letter from the Kingman County Commissioners stating their opposition to **HB 2666**, stating this bill would greatly endanger the county's control and maintenance of local roads. ([Attachment 10](#))

James Perry, Reno County, stated some areas of service delivery could be enhanced by privatization but the result of this proposed bill is not one of those areas. He concluded if this bill is passed as proposed, many day-to-day functions would be virtually at a stand still as they would exceed \$10,000. He urged the committee to oppose this bill as it was imperative for county local government to have the flexibility to serve the local people in a cost effective manner. ([Attachment 11](#)) He also presented testimony from the Commissioners at Stafford County ([Attachment 12](#)) and Rice County ([Attachment 13](#)) stating their opposition to **HB 2666**.

Jerry Fowler stated in 1992 a study was completed in Saline County comparing maintenance projects completed by county forces to like contractor completed maintenance work. In every case county work was less costly and the work was of equal or better quality than the contracted work. He urged opposition to **HB 2666**. ([Attachment 14](#))

Michael White, Saline County Board of Commissioners, stated in effect **HB 2666** was a mandate which would benefit a special interest group and have a negative affect on county budgets in terms of additional time and documentation that would be required. He asked the committee to have faith in the locally elected officials to provide the best services possible with the available resources without creating an accounting/bookkeeping nightmare. ([Attachment 15](#))

Richard Maginot, Soldier Township, stood in opposition to **HB 2666**. He stated Section 2 (b) of the bill would mandate the township board let contracts for construction, reconstruction, repair and maintenance of culverts. It was his feeling the citizens of the township had placed people in office to serve the community and to make these kinds of decisions and this bill does nothing but take away the citizens' rights to choose what is best for their community. ([Attachment 16](#))

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON TRANSPORTATION, Room 526-S Statehouse, at 1:30 p.m. on February 1, 1996.

Joe Scammey, Montgomery County, told the committee in the last major election the nations people indicated and reinforced the fact that the control of the tax dollars should be kept on the local level and listed some of the reasons their county had for opposition to this bill. (Attachment 17)

Following questions from the committee the Chair closed hearings on **HB 2666**.

Chairman King adjourned the meeting at 3:10 p.m.

The next meeting is scheduled for February 6, 1996.

HOUSE TRANSPORTATION COMMITTEE GUEST LIST

DATE: February 1, 1996

NAME	REPRESENTING
Frank Hempen	Douglas Co. / KCHA
Jerry Fowler	Saline Co / KCHA
Mike White	Saline Co.
Wes Holt	Kansas Co Comm. Assn.
Bob Fischer	Reno Co. Comm.
James T. Polay	Reno County Commission
Anna Brown	John Peterson Assoc.
Rick Scheibe	KDOR
Cindy Burr	Farm Bureau
Troy Burr	K.F.B.
Jeanie Stous	Farm Bureau
Richard Stous	Shawnee County F.B.
Anne Spiess	Ks. Assoc. of Counties
Joe Scammy	Mg. Co. Comm.
William L. Lounsbury	Mg. Co. Engineer
RICHARD MAGINOT	SOLDIER TOWNSHIP
Tom Whitaker	Ks MOTOR CORNERS Assn

DON MYERS
REPRESENTATIVE, 82ND DISTRICT
SEDGWICK COUNTY
613 BRIARWOOD
DERBY, KANSAS 67037
(316) 788-0014 HOME



COMMITTEE ASSIGNMENTS
VICE CHAIR: TRANSPORTATION
MEMBER: ENERGY AND NATURAL RESOURCES

STATE CAPITOL BUILDING, ROOM 175-W
TOPEKA, KANSAS 66612-1504
(913) 296-7696

TOPEKA
HOUSE OF
REPRESENTATIVES

HB 2666
Testimony
House Transportation Committee
February 1, 1996

Across this nation, government at all levels is looking at ways to bring about efficiency. Looking at privatizing is working in many areas, in welfare recipient training, in caring for mentally handicapped, in our penal systems and yes in State and Federal highway and bridge building.

This is an effort to further move in the area of privatization of local government functions. Road building and bridge repair and construction is an area where there certainly is plenty of expertise and experience in the non-government sector. This bill could save some counties, due to the expense of maintaining and owning expensive construction equipment which may not be utilized but just a few times in the year.

I urge this committee to listen closely to the conferees and their input, then make an informed decision in this important piece of legislation.

Thank you.

Don Myers

*House Transportation Committee
February 1, 1996
Attachment 1*

THE KANSAS CONTRACTORS ASSOCIATION, INC.



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TOPEKA KS 66605-0061
PHONE (913) 266-4152
FAX (913) 266-6191

TESTIMONY

BY THE

KANSAS CONTRACTORS ASSOCIATION

Before the House Transportation Committee

Regarding House Bill 2666 Regarding County Roads

February 1, 1996

Mr. Chairman and members of the House Transportation Committee, thank you for the opportunity to appear before you today to provide input on House Bill 2666.

I am Bob Totten, Public Affairs Director for the Kansas Contractors Association. Our Association represents over 350 heavy, highway and municipal utility contractor and associate members firms in the Kansas Construction industry. Our members are the firms that build roads and highways throughout the Midwest as well as water and waste water treatment facilities.

This afternoon, we come before you to tell you of our support for House Bill 2666. This measure is a simple bill which would encourage the privatization of county projects and create additional jobs. This measure would require counties to let for competitive bid any project in excess of \$10,000.

This bill embodies the comments that President Clinton made several weeks in his State of the State address when he mentioned "The Era of big government is over". It also is in line with what Governor Graves mentioned in his bid for election when he suggested government should make every effort to privatize.

We believe the bill if passed would reduce the size of county government which would reduce costs. It would also increase the taxes paid into the county coffers by private industry which would hopefully reduce property taxes.

Our association is strongly in favor of this bill and that is why I have gathered a few of our members together to tell you more about it. First off, I have Wil Larson from the law firm of Gehrt and Roberts who researched the bill for us. I also have the President of our Association, Mike Welch of BRB Contractors, here in Topeka, Mike Brown of Brown and Brown in Salina and Dick Kistner from Hall Brothers in Marysville.

We will be glad to answer any of your questions but if I may I would like to now to introduce Wil Larson. *House Transportation Committee*
February 1, 1996
Attachment 2

TESTIMONY OF WILL LARSON ON HB # 2666
IN FRONT OF THE HOUSE COMMITTEE ON TRANSPORTATION

My name is Will Larson. I am an attorney with the law firm of Gehrt and Roberts. I represent the Kansas Contractor's Association. Last year I was asked by the Association to help draft legislation which has now been introduced as House Bill 2666. I've been asked to come here today to explain what House Bill 2666 does.

Simply put the Bill does four things.

First: It requires that counties publicly let all projects for the construction, surfacing, repair or maintenance of county roads that exceed \$10,000 in cost.

Second: It requires that in determining the cost of a road project the county include the cost of labor, equipment, materials and overhead.

Third: It requires that counties and townships publicly let all projects for the construction, reconstruction or maintenance of county and township bridges and culverts that exceed \$10,000 in cost.

Fourth: It requires that in determining the cost of a bridge or culvert project the county or township include the cost of labor, equipment, materials and overhead.

In Kansas there is no overall bidding statute that would apply universally to all governmental entities. In fact bidding statutes are spread throughout the Kansas Statutes annotated. In

¹ *House Transportation Committee*
February 1, 1996
Attachment 3

proposing HB 2666 it was our intent to make it complementary to K.S.A. 19-214 which applies to county building and bridge contracts. In pertinent part K.S.A. 19-214 provides:

(a) Except as provided in subsection (b) and in K.S. A. 1994 Supp. 19-216a, all contracts for the expenditure of county moneys for the construction of any courthouse , jail or other county building, or the construction of any bridge in excess of \$10,000, shall be awarded , on a public letting to the lowest and best bid.

As you can see K.S.A. 19-214 already requires that counties publicly bid all building projects in excess of \$10,000. HB 2666 would simply expand this concept to county road construction, repair and maintenance and to the construction, repair and maintenance of county and township bridges and culverts, that are not already covered by K.S.A 19-214. This appears to us to be a logical extension of K.S.A. 19-214.

In addition this bill provides that in determining the cost of a project to see if it exceeds the \$10,000 threshold the awarding authority must include at a minimum the cost of labor, equipment, materials and overhead. The awarding authority is free to include other legitimate costs if it chooses to do so.

The purpose of requiring the awarding authority to include at a minimum these specific cost components is to help insure uniformity in determining the cost of a project.

Finally I think it is worth pointing out that in the course of our research in drafting this legislation we learned that, at least, as of approximately 1980, some thirty-two other states

had some form of similar legislation. While the specific wording of similar legislation varies tremendously, it is clear there is a strong consensus that public bidding of public improvements promotes the most efficient use of public funds.

BRB Contractors, Inc.
HEAVY AND UNDERGROUND CONSTRUCTION
"AN EMPLOYEE OWNED AND OPERATED BUSINESS"

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TOPEKA, KANSAS 66608-0128

TESTIMONY OF
MICHAEL WELCH
PRESIDENT OF BRB CONTRACTORS

BEFORE THE HOUSE TRANSPORTATION COMMITTEE
REGARDING HOUSE BILL NO. 2666 ON PRIVATIZATION
FEBRUARY 1, 1996

Thank you for the opportunity to appear before you today in support of House Bill No. 2666.

I am Mike Welch, President of BRB Contractors, Topeka, Kansas, and President of the Kansas Contractors Association, a group of contractors and businesses who construct the State's roads, bridges, dams, water and sewer infrastructure, airports, and the like.

I am enclosing an article from the Capital Journal dated 1/18/96 concerning Shawnee County's decision to "privatize" the Expocentre, Shawnee County's convention center. In 1995 it had its best financial performance since opening in 1987 due to a private firm taking its operations over in mid-1992. Although the center has operated for a loss since it opened, the loss in 1995 was 51% (a county tax payer savings of \$782,000) of the loss in 1991, the last full year it was operated by the county.

When my grandfather was a young man, much of the county

*House Transportation Committee
February 1, 1996
Attachment 4*

infrastructure was constructed by a local group of farmers or villagers who pooled their labor resources, their talents, and their treasure to construct whatever was needed when they were not conducting their day-to-day activities. While I am sure some of those "volunteer" projects took a little time, they got done, and the local people "had the money" to keep the infrastructure up.

Now when one travels down many of the county roads across the State, he or she is not surprised to run into a "road closed" sign at various bridges that once were used for the daily farm commerce. Now counties can not afford to rebuild those bridges. Why? They have more people. They have more equipment. They have nice county barns. They collect lots of taxes.

The answer is simple. Public business does not get done like private business does. A public employee knows that if costs go up, the commissioners will just ask for a few more mills on the next tax statement. A private employee knows that if costs go up,

the competitor down the road might get the next job, putting his/her company out of business. The incentives are as different as night and day. Even good county employees and supervisors are hampered by the status quo of their fellow workers. Peer pressure will make the best county man or woman an average producer.

The State has computer resources that we have paid for that are running at less than 50% capacity. There is cheap technology available now where if the State would allow and support them, county commissioners could plug a \$1,500 personal computer into a local modem and just input daily or weekly time cards and work codes, and the State could send out monthly statements showing the commissioners what their costs actually are. Also, by having an economical State data base, commissioners could get summary, comparative data from all counties to see how their county stacked up with the others.

Also, local engineering firms and accountants could be employed at a fraction of the perceived cost to keep some kind of records on idle equipment and facility costs. They could also allocate indirect labor costs to county jobs (such costs as \$0.0765 of each labor dollar for FICA; \$0.10 of each dollar for worker's compensation insurance; \$0.14 of each dollar for health insurance; \$0.005 of each dollar for unemployment insurance; \$0.08 of each dollar for holiday and vacation pay; etc., etc.). How about that new \$45,000

backhoe that has all of the gadgets that the private sector can not afford? Lets look at some of the hidden costs for that \$45,000 investment (yearly capitol costs of 8 1/4% or \$3,712 the first year; property insurance of \$221/yr.; lost property taxes \$2,319/yr.; average life maintenance costs of \$1,265/yr.; depreciation of \$7,500/yr.; fuel/oil/filters of \$100/yr.; storage costs of \$600/yr.; accessory vehicle and trailer to haul @ \$50/hour = \$20,000/yr.; and lets suppose a 1% chance of turning it over and paying a deductible insurance claim of \$20/yr.; etc.). Oh! I forgot the initial state and local sales tax loss of 6% or \$2,700 at purchase.

We can go on and on about the "hidden costs" that counties do not want to record for the commissioner's or public's scrutiny. They do not want to keep these records, not because they are bad people, but because they do not have the management sophistication to even understand them, let alone cost them. Studies show that counties spend twice as much on a project as they believe they do. Much of this hidden cost is due to idle resources not being used on the off season. It is due to people being sick or on vacation, disrupting the rest of the crew. It is due to lack of a formal training system.

I would like to see pilot projects set up in each county to use local private businesses to enable county commissioners to be able to be more efficient. The small

towns are losing their semi-professional populations because they do not have local work. This would help this situation. In some cases 2 or 3 counties could use the same private resources. Local county crews and in some cases even commissioners would attempt to sabotage these efforts due to their beliefs and culture. Even local private entities would need a few years to get used to the fact that small local projects would be available to supplement often meager demand for their services. Such services as mowing, trimming trees, replacing planks on bridges, accounting, bookkeeping, planning, engineering, road grading, snow removal, fencing, ditch maintenance, gravelling roads, hauling equipment, and the like could be performed by local farmers, entrepreneurs, professionals, businesses, and yes, even former county employees if given the opportunity. To start things off, the county could use existing equipment until it wears out to assist local entrepreneurs, former employees, farmers, and businesses get started.

Privatization is paying off. Those states and counties that understand the reason that the United States has been a world leader in production, will reduce their expenses and their budgets, thus reducing taxes, increasing quality of the infrastructure, and enabling their county and state manufacturers, businesses, and farmers compete in the United States and world economies.

Thank you for allowing me to address you.

TESTOMONY
BY Micheal D. (Mike) Brown
Secretary-Treasurer of Brown & Brown, Inc.
Regarding House Bill 2666
Before the House Local Government Committee
February 1, 1996

Mr. Chairman and members of the committee, I want to thank you for letting me speak before you today.

My name is Mike Brown and I am Secretary-Treasurer of Brown & Brown, Inc. of Salina. We are a 50 year old highway construction company and we work in about seven states. We do repair and maintenance work for federal, state and local governments.

I am here today to support the passage of HR 2666. The result of its passage will, I believe, provide a lower cost of public works improvements and maintenance than now exists.

The important word here is **cost**. For many years I have believed that the taxpayer is generally not getting the most for his road construction and maintenance money when the work was done by governmental units. Obviously, many others now agree as the trend toward privatization is gaining rapidly in not only our industry but in many other areas as well. The incentive for private industry to hold down costs is strong. Show me a contractor who does not work efficiently and I will show you a contractor who will not be in business long.

In order to hold down costs, you have to know what your costs are. Computerization has made this task much easier. The job cost accounting system that my company has provides a wealth of information about job costs and the efficiency of our crews. We would not be in business long if we did not have such a system.

Under current law, Kansas counties may perform work on public roads and bridges with their own forces. I know of no restrictions as long as the total cost of work of the county does not exceed the total budget for that work. Job cost accounting systems are not required. In practice, I know of only one county, that is Saline County, which has in place a functioning cost accounting system.

Even with a functioning cost accounting systems, the nature of governmental accounting is such that it is very difficult to get a handle on real costs. Costs such as depreciation, general and administrative overhead, employee fringe benefits and other indirect costs are extremely difficult to quantify in a government accounting system. As I mentioned Saline County, with a very progressive public works department, has a functioning cost accounting system. The county, to their great credit, allowed a public accounting firm to analyze their cost accounting system. (The cost of the work was borne by the Kansas Contractors Association) Even with their relatively sophisticated system, the accounting firm found significant shortcomings in allocating some indirect costs.

*House Transportation Committee
February 1, 1996
attachment 5*

I do not know the numbers, but I suspect that well over 100 million dollars are spent annually by road and bridge departments in Kansas. If one of the most progressive and well managed counties in Kansas has problems in allocating costs, consider what problems other counties, most of which have no formal cost accounting system, might have.

Another problem with comparing costs of public construction with private construction is that it is difficult to account for the "public benefit" of work performed by private contractors. Private companies incur costs that are not incurred by governmental units. Some of those costs such as sales, income, property and fuel taxes flow back to governments at some level. Other costs such as warranty work, performance, maintenance and payment bonds and the cost to comply with government regulations are a cost to a contractor and benefit the county but are rarely, if ever, considered. Some have suggested that approximately 20% should be deducted from a contractors price when comparing it to the cost of doing work by a governmental unit to account for this "public benefit".

Perhaps I was naive, but until recently I believed that the way to demonstrate beyond a doubt that private industry was, in fact, more efficient than government was to compare the "costs" of contractors doing work to that of work done by government. That is why I became a member of an ad hoc committee formed to find a solution where both industry and government could agree on how to account for costs.

The group consisted of two county commissioners, two county engineers, two contractors and staff members of the Kansas Association of Counties and the Kansas Contractors Association. After meeting periodically for almost two years with good and spirited debate and discussion, the contractors suggested a proposal recommended by a prominent Kansas accounting firm to design a system for counties to identify and allocate overhead and indirect costs to projects performed by county forces. The proposed system would have been adaptable to popular spreadsheet computer programs and could have been replicated for use by other counties. The Kansas Contractors Association agreed to pay for the expense of developing the system.

The KAC members of the committee took the proposal to their board of directors and it was rejected by them.

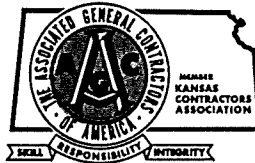
In my own mind, I have concluded that the chances of implementing an equitable system to compare contractors cost with governmental costs is not possible in the near future and only remotely possible in the long term. In the meantime, work is proceeding by counties by their own forces with little or no accountability. The competitive bidding system works has served our state and country well for many, many years and will provide the least cost to the taxpayer. That is why I wholeheartedly endorse HR 2666.

Again, thank you for the opportunity to address your committee.

HALL BROTHERS CONSTRUCTION COMPANY, INC.

GENERAL CONTRACTORS

R.R. 3 HWY. 36 & OKETO RD.
BOX 166



TELEPHONE 562-2386

MARYSVILLE, KANSAS 66508

FEBRUARY 1, 1996

TESTIMONY BEFORE THE HOUSE TRANSPORTATION COMMITTEE

HOUSE BILL NO. 2666

Mr. Chairman, and members of the House Transportation Committee.

Thank you for the opportunity today to appear before you on House Bill #2666.

My name is Dick Kistner. I am Vice president of Hall Brothers Construction Company, Inc. of Marysville, Kansas. We are a firm that performs various types of construction, Grading, Culverts, Municipal Paving, and specializes in Asphalt Paving.

I am appearing in support of House Bill 2666. I am very concerned about the increasing use of County Road crews to do work normally done by Contractors in the private sector.

We feel that workers who do a job on a regular basis are better able to perform contracting work than those who do it only occasionally each year or two.

In one instance that I am familiar with in Cloud County, We are not allowed to bid on work that is now done by the county. They have their own asphalt plant which is 2 to 3 times smaller than the one we have permanently stationed at Concordia. The county will therefore produce approximately 1/3 to 1/2 of the material per day that our plant can produce. We feel that our costs to produce and lay a ton of hot mix asphalt are considerably less than that of the county if all costs are taken into account.

When we ask to supply the county with Mixed Material for a

*House Transportation Committee
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Attachment 6*

HALL BROTHERS CONSTRUCTION COMPANY, INC.
GENERAL CONTRACTORS

R.R. 3 HWY. 36 & OKETO RD.
BOX 166



TELEPHONE 562-2386

MARYSVILLE, KANSAS 66508

project they say that our cost is higher than theirs, but they do not show us their costs. We therefore do not know if they are accounting for direct project labor, equipment - rented or owned, fringe benefits, unemployment insurance, workmen's compensation insurance, overhead, etc.

We are not saying that local government should not do normal maintenance operations. But we are concerned that there is more work being done by the local government when it is unnecessary and extremely costly.

Letting contracts to bid has been a proven time tested practice. All State Governments follow this practice, as it is the best known method of economically providing services that the taxpayers desire.

As an example, we as contractors also sublet several items of work on an individual contract. We do this because we feel that the subcontractors either have more expertise in performing that particular work, or can do the work more economically. In other words we let the people who do this work for a living do the work.

House Bill #2666 addresses that concern. By passing House Bill #2666 the taxpayers of the community are the winners. They would realize the benefits of Construct by Contract in lower costs and better services.

For that reason we are asking you to support House Bill #2666.

Thank you for your time this afternoon and I would be willing to respond to any of your questions.

Dick Kistner



Kansas County
Commissioners
Association

215 S.E. 8th
Topeka, Kansas 66603-3906
(913) 233-2271

February 1, 1996

To: House Transportation Committee
Chairperson: Representative King

To the Committee,

The Kansas County Commissioners Association strongly opposes House Bill 2666. The responsibility for maintenance, construction, re-construction and design of all county roads and bridges rests with County Engineers, Public Works Directors and County Commissioners.

We believe that counties must retain the ability and the flexibility to determine if it is in the best interest of the taxpayers of that county to bid out projects or perform the project with available county labor and equipment.

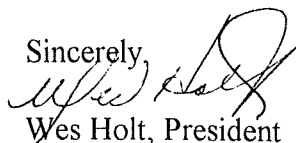
Counties currently maintain 109,565 miles of roadway in Kansas, about 100,000 miles more than the Kansas Department of Transportation. Taxpayers travel 11,581,506 miles on these roads every day. Counties maintain 19,800 bridges over twenty feet in length, and many thousands of smaller structures, that is over three times the number of bridges maintained by KDOT.

Although all counties utilize contractors for most road and bridge projects, this legislation mandating that all projects over \$10,000 be bid, is not realistic and would be a disservice to taxpayers. Regular maintenance and emergency projects would not be accomplished on a timely basis, resulting in higher costs and taxpayer dis-satisfaction. We believe there are many reasons why county forces can do the same quality of work at less cost.

County Engineers prepare annually reports showing itemized costs of all county projects. Requirements in this proposed legislation of posting of all specifications and plans before construction is not needed in all cases and serves to increase costs of that project.

We believe that this legislation is targeted just a hand full of Kansas Counties and should not be allowed to become another mandate to all counties. We believe that current law is adequate and urge you not to take any action on this bill.

Sincerely,



Wes Holt, President
Kansas County Commissioners Association

House Transportation Committee
February 1, 1996
Attachment 7

Concerns with HB2666

1. Increased work load on counties. To develop plans and specifications, when they not needed on smaller projects.
2. Additional staff requirements, technical staff and additional engineering staff to prepare additional plans and specifications. Possible CPA to do accounting procedures.
3. If work is contracted there will be a need to hire additional inspectors, creating increased costs.
4. Studies have shown in side by side comparisons that County forces can perform the work equal to or more economical than contractors.
5. Counties must always maintain crews and equipment for other functions, grading roads, snow removal, emergency repairs and maintenance. Need to maintain work for these employees.
6. Reduces flexibility for County Government to provide service to taxpayers.
7. State Law does not need to micro-manage county projects.
8. Government accounting and private accounting are not compatible.
9. Why are only counties targeted in this proposed legislation, not cities and also the State of Kansas? Need to be on a level playing field with all other entities.
10. Government should have the flexibility to choose a contracting agencies or business to accomplish a project who will provide the best service, not necessarily for the least cost.

Douglas County

Department of Public Works

Frank B. Hempen, Jr., P.E.
Director of Public Works/County Engineer

MEMORANDUM

TO : Honorable Members of the House Transportation Committee

FROM: Frank B. Hempen, Jr., P.E., Douglas County Director of Public Works/County Engineer

DATE : February 1, 1996

RE : Opposition to House Bill No. 2666

I am speaking in opposition to House Bill No. 2666 for the following reasons:

1. This bill imposes stricter bidding requirements and allows less flexibility for counties than cities, the Department of Transportation, or Regent institutions. If there is an interest in implementing such requirements for counties, they should be incorporated unilaterally.
2. Counties have the policy option of implementing more stringent requirements than required by current Statute. The local Board of County Commissioners, in counsel with their road and bridge manager, are best qualified to determine if local interest are best served by utilizing county forces or contractors for roadway projects.
3. The majority of counties do not have the benefit of professional engineering staff assistance. They now contract for those services for large projects. This bill requires development of plans and specifications for all work undertaken. The State Board of Technical Professions Regulations require all roadway and bridge plans be prepared by a Registered Professional Engineer. Only 32 counties currently employ professional engineers full time.
4. Some types of work such as snow and ice control are not of interest to contractors. The effect of privatizing most road and bridge maintenance functions will leave counties with no alternative but to reduce personnel in these areas significantly thus hampering their ability to provide this type of emergency service.
5. County employment is a valued contributor to the local economy in many small and mid-sized counties. The road and bridge department is typically the largest employee group in the county organization.

*House Transportation Committee
February 1, 1996
Attachment 8*

COMMENT TO THE HOUSE COMMITTEE ON TRANSPORTATION

KENNETH KING, CHAIRPERSON

ROOM 526S

CONCERNING PROPOSAL HOUSE BILL NO. 2666

FEBRUARY 1, 1996

1:30 P.M.

By: Robert P. Fischer
Reno County Commissioner

*House Transportation Committee
February 1, 1996
Attachment 9*

Chairperson King and members of the House Committee on Transportation:

My name is Robert Fischer and I am a Reno County Commissioner representing the Reno County Commission. I appreciate the opportunity to testify before this committee concerning House Bill No. 2666, relating to certain contracts for roads, bridges and culvert work.

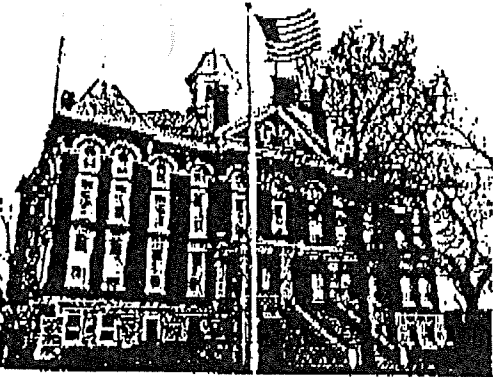
The current Kansas Statutes allows the Board of County Commissioners the flexibility to either let contracts for all or any part of the road, bridge and culvert maintenance and construction or allow the County Public Works Department to accomplish this work in house. When the word is changed from *may* to *shall*, the Board of County Commissioners loses the ability to make a decision at the local level that would most certainly impact the local taxpayers.

In conferring with George Sugars, our County Engineer and Public Works Director, the following services would be affected by the proposed change in House Bill No. 2666 since they would exceed \$10,000:

- * Asphalt over lay and substantial patching of roads
- * Chip sealing of county asphalt roads
- * Paint striping (center line and edge line) of the roads
- * Mowing and spraying of road right-of-way
- * Road construction - reshaping our roads
- * Bridge construction and channel improvements
- * Bridge and culvert substantial repairs

We maintain 546 miles of county asphalt roads, 418 bridges, 670 structures under 20 feet in roadway length, and over 7200 road signs. We have one of the best Public Works Departments in the State of Kansas. This department has an excellent cost accounting system to ensure that we provide to our citizens an efficient and effective county transportation system.

In summary, the current statutes, as they currently stand, have worked and worked well for Reno County. The Board of Commissioners have the flexibility to provide the services to our local constituents at a reasonable cost. The proposed changes to this bill would prohibit an on-going maintenance program that allows our crews to go from one job to another without down time while waiting for a contract to be let on the next job. To conclude, I would sincerely suggest this proposed legislation *not* be enacted. All flexibility of the *local* government would be eliminated.



KINGMAN COUNTY OFFICE OF COUNTY COMMISSIONERS

Kingman County Courthouse, Kingman, Kansas 67068
(316) 532-3732

January 31, 1996

To: Reno County Board of Commissioners
206 West First Avenue
Hutchinson, Kansas 67501

From: Kingman County Board of Commissioners
Kingman County Courthouse
Kingman, Kansas 67068

Re: Opposition to House Bill 2666

Dear Sirs:

The Kingman County Board of Commissioners joins the Reno County Board of Commissioners in stating opposition to House Bill 2666. The Board feels that this will greatly endanger the county's control and maintenance of local roads.

Sincerely,

Kingman County Board of Commissioners

Joe Dirks

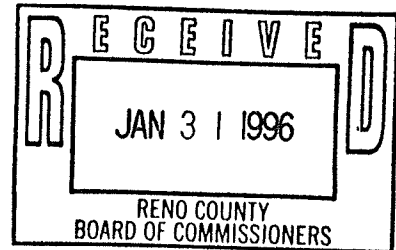
Joe Dirks - Chairman

Larry Ward

Larry Ward

Walter Harbert

Walter Harbert



*House Transportation Committee
February 1, 1996
Attachment 10*

Walter Harbert, 3rd District
Penalosa 67121

Joe Dirks, 2nd District
Zenda 67159

Larry Ward, 1st District
Kingman 67068

TESTIMONY TO THE HOUSE COMMITTEE ON TRANSPORTATION

CHAIRPERSON KENNETH KING

ROOM 526 SOUTH

PROPOSED HOUSE BILL 2666

FEBRUARY 1, 1996

1:30 P.M.

BY JAMES T. PERRY
RENO COUNTY COMMISSIONER

*House Transportation Committee
February 1, 1996
Attachment 11*

Chairman King and members of the House Committee on Transportation:

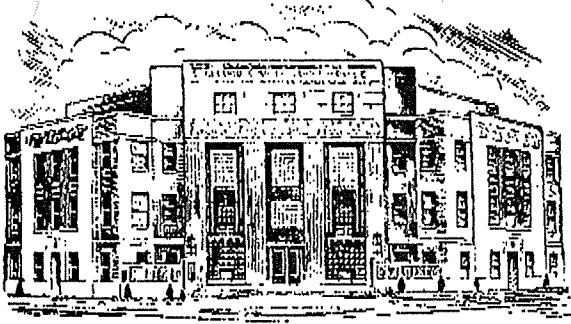
My name is James Perry and I am a member of the Board of Commissioners of Reno County. I appreciate your allowing me the time to address this committee on HB 2666 which will directly impact a county's ability to allow the local governing body the option to build a road, a bridge, or to even make major repairs to a road or bridge if that cost will exceed \$10,000.

Some areas of service delivery can be enhanced by privatization. But the result of this proposed bill is not one of those areas.

If this bill is passed as proposed, many day-to-day functions would be virtually at a stand still, such as:

- * Channel improvements to bridges
- * Bridge construction
- * Repairs and improvements to culverts and bridges
- * Road construction or reshaping of roads
- * The patching of asphalt roads and overlay of those same asphalt roads
- * Chip sealing of asphalt roads
- * Paint striping of center lines and edge lines

In conclusion, it is imperative for county local government to have the flexibility to serve the local people in a cost effective manner. Local county commissioners can continue to attend to the business of maintaining county roads and bridges if the statutes remain as they are at the present time. Reno County does not need this legislation, nor does the remainder of the counties in Kansas. HB 2666 must be opposed and not allowed to pass out of committee.



STAFFORD COUNTY

DOROTHY L. STITES
COUNTY CLERK

COURTHOUSE
209 NORTH BROADWAY
ST. JOHN, KANSAS 67576

January 31, 1996

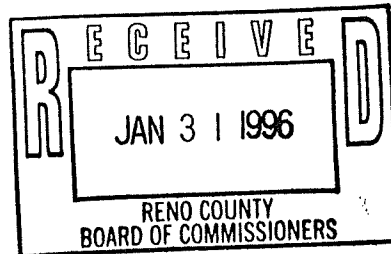
To Whom it May Concern

Mr. Robert Fischer and Mr. James Perry who are County Commissioners from Reno County, Kansas will be representing Stafford County as they testify on House Bill No. 2666.

Thank you.

Stafford County Board of
County Commissioners

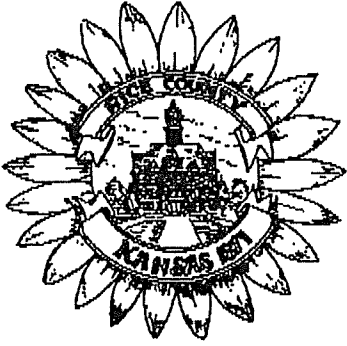
J.D. Hager, Jr., Chairman



*House Transportation Committee
February 1, 1996
Attachment 12*

BOARD OF
COMMISSIONERS

COURTHOUSE
(316) 257-2232
or
(316) 257-3039



Rice County

LYONS, KANSAS 67554

January 31, 1996

Reno County Commissioners
Reno County Courthouse
206 W. 1st
Hutchinson, KS 67501

We are contacting you to express our strong support of your testimony in opposition to House Bill 2666, which would require County Commissioners to let contracts when the cost for a road & bridge project exceeds \$10,000.00. We are extremely concerned about the added responsibilities and costs that this bill would impose upon us. We feel strongly that these decisions should not be mandated by the legislature, but should be made locally where the most cost effective decisions pertaining to the use of County funds can be made.

Sincerely,

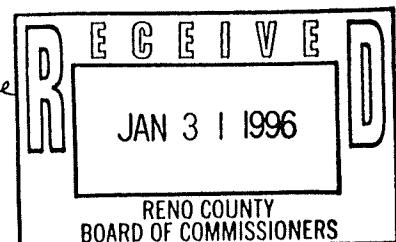
Frank Dill
ga

Rice County Commissioners
Frank Dill, Chairman
Beverly Ooley, Commissioner
Bill Oswalt, Commissioner

FD:na

cc: Representative Jack Wempe
Senator Don Steffes

*House Transportation Committee
February 1, 1996
Attachment 13*





PUBLIC WORKS DEPARTMENT

SALINE COUNTY HIGHWAY DEPARTMENT
3424 Airport Rd.
Salina, Kansas 67401

TO: Honorable Members of the House Transportation Committee
FROM: Jerry L. Fowler, P.E., Saline County Public Works Director
RE: Opposition To House Bill No. 2666
DATE: February 1, 1996

House Bill No. 2666 proposes amending K.S.A. 68-520, 68-1104, 68-1116, and repealing the existing sections.

The major proposed amendment to K.S.A. 68-520 states county road maintenance "shall let contracts" when such work "exceeds \$10,000." If this change should become law, each county would need to increase staff just to complete bid documents for bids, an expense that presently is spent on road maintenance. This issue is a local issue that is best handled by local elected officials. In 1993, Saline County awarded \$959,784 worth of asphalt patching and overlay work to private contractors. There was but one bidder for all of this work. In 1994, \$917,586 worth of asphalt patching and overlay work was awarded. Once again, only one bid was received. Also \$95,036 worth of other type road work was awarded. One project bid was double the engineer's estimate and had only one bidder. When the project was bid the second time, there were 3 bidders and the low bid was under the engineer's estimate. Two points: 1. Private contractors are doing a lot of county work, and 2. Most projects are only seeing one bidder. Is this really a competitive bid? It is wrong to approve legislature that favors a special interest group at the expense of the county tax payers.

During 1992, a study was completed in Saline County comparing maintenance projects completed by county forces to like contractor completed maintenance work. Cost of work completed by county forces for asphalt patching was 53.4% cheaper than contract work; for asphalt skin patching 13.1% cheaper, and for bituminous seal costs 15.3% cheaper. In every case county work was equal or better quality than the contracted work. Most counties rely on private contractors for road maintenance support and the need for state legislature to force compliance is not necessary.

In closing, this issue is important only to a special interest group. They should get out into the market place and work with the counties. Of the 105 counties, only 9 have a population greater than 50,000 and 32 counties have less the 5,000 population. The largest 15 counties in the state represents 45% of the total estimated tax levy dollars.

Your opposition to House Bill No. 2666 will be appreciated. A special interest group has tried for over 5 years to have these sections amended and now is the time to end the debate with a defeat of this bill.

House Transportation Committee
February 1, 1996



SALINE COUNTY

Board Meetings — Monday, Tuesday, Wednesday
Meeting Room 209 — Office Room 211 — 300 W. Ash

P.O. Box 5040

Salina, Kansas 67402-5040

Phone (913) 826-6540

Phone (913) 826-6541

FAX: (913) 826-6629

COMMISSIONERS:

Michael J. White
First District

Gary L. Hindman
Second District

Gene Revels
Third District

TO: Honorable Members
House Transportation Committee

FROM: The Saline County Board of Commissioners
Michael J. White, Chairman

DATE: February 1, 1996

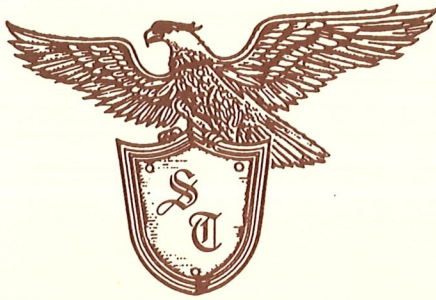
SUBJECT: HB 2666

The Saline County Board of Commissioners are strong advocates of
NO MORE TAXES - NO MORE MANDATES - LESS BUREAUCRACY - MORE POWER
AND AUTHORITY GRANTED TO THE LOCAL GOVERNMENTS.

HB 2666 is in effect a mandate. It has been resurrected each
year for the last five (5) years. The results of this mandate
would benefit a special interest group and have a negative affect
on county budgets in terms of additional time and documentation
that would be required.

We urge this committee to put this issue to rest. Please have
faith in the locally elected officials to provide the best
services possible with the available resources without creating
an accounting/bookkeeping nightmare. With positive effort from
both parties, local governments and private enterprise can have a
good, and perhaps better, working relationship without a mandate.

House Transportation Committee
February 1, 1996
Attachment 15



Soldier Township

600 N.W. 46th, Topeka, Kansas 66617

COMMITTEE ON TRANSPORTATION

TESTIMONY ON HB 2666

By Richard Maginot

Business Administrator

Soldier Township, Shawnee County, Kansas

The original intent of K.S.A. 68-520 was to allow local elected officials to decide the advisability of contracting out road maintenance and construction. HB 2666 would take this decision out of the local governing board's hands and mandate that almost all road services be let for contract.

Soldier Township opposes the passage of House Bill 2666. Section 2 (b) of the bill would mandate that the Township Board let contracts for construction, reconstruction, repair and maintenance of culverts. The citizens of the Township have placed people in office to serve the community and make these kinds of decisions. This bill does nothing but take away the citizens' rights to choose what is best for their community.

HB 2666 should be defeated and the local elected boards should be allowed to do the job entrusted to them.

*House Transportation Committee
February 1, 1996
Attachment 16*

TO: The Committee On Transportation

SUBJECT: The Montgomery County Board Of Commissioners have serious reservations to amending KSA 68-520, 68-1104 and 68-1116

Mr. Chairman:

Is this commission aware of the fact that Kansas ranks fourth in the nation in number of road miles (133,256)? Also, that we are ranked 21st in funds returned to our state? Coupled with the Federal distribution inequity and the existing tax lid on all counties, we believe that you are eroding our local tax dollars with these amendments.

In the last major election the nations people indicated and reinforced the fact that the control of the tax dollars should be kept on the local level. Some of the major reasons and opposition to your amendments are as follows:

1. We do not have a major contractor within fifty (50) miles to bid small contracts.
2. Small local contractors do not have bonding compacity required for such work.
3. It is quite common for contractors to charge a mobilization to expediate a contract in excess of \$10,000.00.
4. This would mean an increase in staffing of the Road & Bridge Department for inspections, surveying and record keeping.
5. We would seriously impair the safety of our Sheriffs department, 911 ambulance and school bus routes during severe storms and floods if we had to go to contract on every instance to clear our county roads.
6. Within four (4) years KDOT will turn over an additional twenty (20) miles of paved roads which will be an additional burden to our Road and Bridge Department. Several Counties across the state is faced with this dilemma.
7. The Kansas counties have a total of 19,644 bridges. In that total there are 3799 deficient bridges and 2765 functionally obsolete bridges. In our county alone we have 277 bridges of which 34 are deficient. We are presently replacing 7 deficient bridges from our Special Bridge Fund. All of which amounts to over \$100,000 each and are constructed by contractors.
8. It would be impossible for our county to award small contracts on replacement of culverts due to time period in contracting and maintain the safety of our citizens.

Mr. Chairman, we are asking you to withdraw the amendments to the statutes and maintain the authority our present commission has.

*House Transportation Committee
February 1, 1996
Attachment 17*