

MINUTES OF THE SENATE ELECTIONS AND LOCAL GOVERNMENT COMMITTEE

The meeting was called to order by Chairman Tim Huelskamp at 1:30 P.M. on March 1, 2006 in Room 423-S of the Capitol.

All members were present.

Committee staff present:

Martha Dorsey, Kansas Legislative Research Department
Mike Heim, Kansas Legislative Research Department
Ken Wilke, Revisor of Statutes
Zoie Kern, Committee Secretary

Conferees appearing before the committee:

Bob Storey - Chief of Police Junction City, Kansas

Others attending:

See attached list.

Ken Wilke of Legislative Research gave summary of **HB 2759** - bonded debt limitation; Junction City.

Bob Storey testified in favor of **HB 2759** for Rodney D. Barnes, City Manager of Junction City, Kansas (Attachment 1).

Discussion.

Senator Reitz stated that Junction City is expanding 5 miles west and needed borrowing power for roads and sewers. Tax dollars come in too slow to meet this demand.

Senator Francisco stated everything is upon the city at one time. If the military dose not leave in the next five years, all will be well otherwise there would be an economic crash.

Senator Reitz commented that this is a boom for Kansas, doubling the size of the community in a short time. David Arteberry, an attorney from Junction City, was asked by Senator Huelskamp if there was a default in payback, would the debt fall back on the city or state. David Arteberry replied that the purchaser excepts all responsibility.

Senator Huelskamp asked David Arteberry how funds not used for development where handled. Would they be used for race tracks and casino's? David Arteberry stated there would not be enough funds to use for that purpose because half of the proposed funds are already spoken for.

The purchasers of these new homes will have the option to pay off bond up front or have the amount added to their payment.

No further discussion.

Senator Betts moved to report **HB 2759** favorably to Senate.

Senator O'Connor seconded.

Motion carried..

Respectfully Submitted,

Zoie C. Kern, Committee Secretary

Rodney D. Barnes
City Manager



P.O. Box 287
Municipal Building
Junction City, KS 66441
(785) 238-3103 ext. 300

CITY MANAGER'S OFFICE

March 1, 2006

Testimony Before the
State of Kansas Senate
Elections & Local Government Committee

RE: Support of House Bill No. 2759

Chairman Huelskamp, Vice Chair O'Connor, Senator Rietz and other Committee members

Thank you for the opportunity to speak in favor of House Bill 2759. The State of Kansas and the Junction City region have a wonderful opportunity to grow and prosper as the result of expansion at Fort Riley. The Fort will be doubling in size over the next few years, adding over 30,000 people to our population. This rapid growth does provide some challenges for the region. Lt. Governor Moore recognized this early in the process. He convened a regional task force that began meeting in December, 2004. The task force had the responsibility of creating action plans for how the region would handle housing, workforce, schools and transportation. The City Manager of Manhattan and I had the responsibility of working on housing. It became clear that we would need to construct an additional 9,000 housing units in the area over the next 3 years.

The City of Junction City builds housing through the creation of subdivisions, using special assessments. The assessments are paid back by the property owners over 20 years. The City currently has 22 subdivisions under construction, with another 15 in the planning stages. The City has annexed over 650 acres of land as a result of the subdivision development. This means that the City is issuing debt to develop streets, sidewalks, storm sewers, water lines and sewer lines. The debt becomes general obligation debt of the City, retired through the collection of special assessments annually on the housing being constructed.

Our assessed valuation is growing at an accelerated pace, however it lags catching up with our ability to meet the State of Kansas statutory debt capacity. Today, our assessed

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Attachment 1

valuation is \$111,465,383. That means our statutory debt capacity is \$33,439,615. We have outstanding \$26,078,205. This currently provides approximately \$7,361,410 in remaining statutory debt capacity. According to the City's fiscal advisor, George K. Baum, moving our debt limit to 40% of assessed valuation would provide approximately \$11,000,000 additional debt capacity. This would insure the ability of the City to continue to provide special assessment financing as an option to develop subdivisions in our community over the next 5 years and meet the housing needs of Fort Riley.

The City does continue to explore ways to finance development without using the City's debt capacity. In addition, not all infrastructure improvements count towards our debt capacity. Junction City is working feverishly to accommodate growth in our area. We are prepared to meet the tremendous housing demand needed at Fort Riley, but not without help from you on this issue.

House Bill 2759 provides the amendment to state law that would provide the City the opportunity to have a 40% limit for the next 5 years. In addition, the bill contains the necessary language to not penalize the City at the end of 5 years, when the limit would return to the statutory 30%, by gradually reducing the limit back to the 30% amount by the year 2015. There is no fiscal impact to the State of Kansas. In addition, this type of exemption has been granted in the past.

The City of Junction City appreciates Senator Rietz assistance with this matter.