

MINUTES OF THE SENATE TRANSPORTATION COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 8:30 a.m. on February 6, 2009, in Room 136-N of the Capitol.

All members were present.

Committee staff present:

Mike Corrigan, Office of the Revisor of Statutes
Hank Avila, Kansas Legislative Research Department
Jill Shelley, Kansas Legislative Research Department
Cindy Shepard, Committee Assistant

Conferees appearing before the committee:

Daniel Goddard, CEO, Great Plains Development Authority
Brian Kinzie, Commissioner, Labette County
Carolyn Kennett, Director, Economic Development, City of Parsons
Deb Miller, Secretary of Transportation, State of Kansas

Others attending:

See attached list.

Chairman Umbarger opened the hearing on **SB 60 - Redevelopment districts within a federal enclave; sale of real property.**

Brian Kinzie, Commissioner for Labette County, testified in support of **SB 60.** In May of 2005, Labette County Commissioners were notified that the Base Realignment and Closure Commission (BRAC) was pulling all Army Missions and abandoning the nearly 14,000 acre Kansas Army Ammunition Plant (KSAAP). The Great Plains Development Authority (GPDA) was organized to develop an industrial park, create new jobs, and help build a tax base. According to Mr. Kinzie, this legislation change facilitates the local authorities the flexibility needed to negotiate swiftly with companies who are willing to invest money in Southeast Kansas (Attachment 1).

Daniel Goddard, CEO of the Great Plains Development Authority (GPDA), appeared as a proponent of the bill. He indicated that the GPDA is governed by County operational procedures prescribing the process for sale of property. Eliminating the competitive bid process, as proposed in **SB 60,** will give Southeast Kansas the help it needs at economic recovery (Attachment 2).

Carolyn Kennett, Director of Economic Development for the City of Parsons, provided testimony in favor of **SB 60.** The GPDA is about growing the economy and offsetting the loss of 1,300 jobs. To do so, it has to have rules and regulations that puts GPDA on an even playing field with other industrial parks. Ms. Kennett stated passage of **SB 60** will accomplish that (Attachment 3).

There being no further conferees, the hearing on **SB 60** was closed.

Presentation on the Transportation Leveraging Investments in Kansas (T-LINK) Report by Secretary Miller Continued from February 4, and 5, 2009

Secretary Miller continued her overview of the *New Approaches for Transportation Final Recommendations of the T-LINK Task Force* January 2009 (See Attachments 1, 2, & 3 in February 4, 2009 minutes).

The meeting was adjourned at 9:37 a.m. The next meeting is scheduled for February 10, 2009.

TESTIMONY FOR SENATE TRANSPORTATION COMMITTEE

Senate Bill 60

Presented by Brian Kinzie

Labette County Commissioner

Chairman of the Kansas Army Ammunition Plant – Local Redevelopment Authority (KSAAP-LRPA)

Good morning members of the Kansas Highway and Transportation Committee, I am Brian Kinzie, Labette County Commissioner and Chairman of the Kansas Army Ammunition Plant- Local Redevelopment Planning Authority (KSAAP-LRPA).

May 13, 2005 will always be etched in my memory, because that was when Labette County Commissioners were notified that the Base Realignment and Closure Commission (BRAC) was pulling all Army Missions and abandoning the nearly 14,000 acre Kansas Army Ammunition Plant (KSAAP).

After weighing our options, the local community pulled together and started working with the operator of the KSAAP, Day and Zimmerman Inc. (DZI) that employed about 370 persons, the U.S. Department of Defense and the State of Kansas, to develop a plan to purchase the property from the Army with an Economic Development Conveyance (EDC). This would allow DZI to remain in operations as a private contractor for munitions, help build the county's tax base and retain jobs in our community. It would also give the community the opportunity to have a large industrial park for economic development. At the same time we partnered with Kansas Wildlife and Parks to enhance our Tourism opportunities.

Nearly 4 years and thousands of man hours later the actual transfer of the KSAAP property to the local community is here. We have nearly completed all the public hearings and notifications, local input, and all the requirements of the Federal Government to transfer property to the local community. While most all the funding has come from the Department of Defense through the Office of Economic Adjustment (OEA), it has cost the local community plenty, with job losses from the transition and local matching funds.

It is now time to move into the Implementation Phase. Like any other Industrial site across the State, the opportunities for development are far and few between in these troubled times. With the organization of The Great Plains Development Authority (GPDA) there are great opportunities. Not every Industrial site can offer a secured facility with the possibility to have thousand-acre tracks, its own water and waste water treatment plants, access to rail with connection to a major rail provider, external

Senate Transportation

2-6-09

Attachment 1

road system connecting to US 400 and US 59, and without the need for large companies to request to use the power of eminent domain.

As County Commissioner the one drawback in industrial development for counties is the opportunity to sell real or personal property in a manageable time frame. Even though GPDA is a subsidiary of the county I understand it is under the same regulations as the county. Unlike cities' Home Rule Authority we would still have to have public notification, hearings, open all bids and award to the highest bidder on each parcel. In day to day operation of the county I do not have a problem with that law. Much like City Industrial Parks, this property along with possibly others across the state are going to be operated by local authorities and boards that need the flexibility to move and negotiate swiftly with companies who are willing to invest money in our communities and help build tax base and create new jobs.

I appreciate the understanding and support Senator Umbarger has shown with submitting SB 60. The beautiful aspect of SB 60 is it costs the state or our community nothing. The passage of SB 60 is imperative I believe for the GPDA to be self sufficient and successful. As a representative of Labette County I would ask for your favorable judgment on SB 60 in our quest for growth and prosperity, not only for Labette County and Southeast Kansas, but across State. The opportunity to a make huge impact for the community as a local elected official doesn't come around very often. I believe my fellow commissioners and I have met that challenge. Our community has worked very hard to turn a negative into a positive which would result in a WIN, WIN, WIN (Community, State and The Federal Government). Thank you for your time.

GREAT PLAINS DEVELOPMENT AUTHORITY

1209 Corporate Drive, #6, Parsons, KS 67357

Phone: (620) 421-1228

Fax: (620) 421-1205

Testimony for Senate Transportation Committee
Senate Bill 60

Presented by Daniel W. Goddard, CEO
Great Plains Development Authority

Senator Umbarger, and members of the committee:

I appreciate being given the opportunity of testifying on behalf of SB 60. The Kansas Army Ammunition Plant, soon to be renamed the Great Plains Industrial Park, is a 13,727 acre facility which has the potential to grow into an economic engine for Southeast Kansas and dramatically increase tax base and employment opportunity. However, today we are governed by County operational procedures prescribing the process for the sale of property but expected to be able to react quickly when we have the opportunity to work with a prospect who will invest in our community and create jobs.

My 16 year involvement in the base closure arena and as the Executive Director of the Grissom Redevelopment Authority at the former Grissom Air Force Base in Indiana, has confirmed the importance of being able to directly and singularly deal with prospects. At Grissom we were able to use land and facilities as part of structuring an economic development incentive package to close the deal. As a result, a civilian aircraft company, a marine engine and auto parts manufacturer, a medical and dental facility, two restaurants, two churches, a construction tool distributor, a tire distribution center, and a nursing home all started operations within a few years. In most of these cases the land and facilities were provided at a discounted rate or for no consideration.

Across the country, at closed or realigned military installations, and community industrial parks, economic development professionals and the community are faced with putting together a package which specific prospects will find inviting. In fact in many cases, leads from the Kansas Department of Commerce ask for incentives



Senate Transportation

2-6-09

Attachment 2

including land and facilities. In our case, if the Great Plains Development Authority says we have facilities and or land available, but we must go through a competitive bid process, I can assure you we will not be competitive in making the cut.

Today I stand here asking for your support for SB 60 so that we, too, have a better chance to rise above not only today's harsh economic realities, but the additional burden of a Congressionally-imposed shut down of one of our largest employers, the Kansas Army Ammunition Plant.

You, as legislators, are faced with many challenges as you search for ways to help the economy and the State recover. We in Southeast Kansas have a wonderful opportunity to help in that recovery, if we have the correct tools to work with.

I appreciate the opportunity for being here today and thank you for your time.

TESTIMONY FOR SENATE TRANSPORTATION COMMITTEE
Senate Bill 60

Presented by Carolyn Kennett
Economic Development Director, City of Parsons
Board of Directors, Great Plains Development Authority

Thank you Senator Umbarger, and members of the committee, for allowing me to speak in support of Senate Bill 60.

I am Carolyn Kennett, the economic development director for the City of Parsons. I additionally serve as a board member for the Great Plains Development Authority in Labette County. By now you are aware that the Authority is taking on the daunting challenge of transforming the 14,000 acres of the former Kansas Army Ammunition Plant into an industrial park that holds enormous possibilities for all of Southeast Kansas and the State.

Let me preface my remarks with some background information: During the last 15 years more than 1,300 employees have been laid off at the Ammunition Plant – that is a number of enormous magnitude and is more than 10 percent of the entire population of Parsons. Granted, those 1,300 people drove to work from all over Southeast Kansas, but it's important for you to understand the magnitude of the loss in my part of the state. Taking a hit of 1,300 jobs is devastating anywhere in Kansas, but it is particularly crippling when those jobs had a pay scale of nearly double that of the rest of the economically- depressed southeast corner.

I come to you today, not asking for money, but asking for you to give us a critical tool essential in helping us rebuild those jobs, and to add more.

While there are a number of challenges that we face in this process, I personally want to address one of the most critical that I see looming in the future – that of the Authority's inability to sell property without going through the cumbersome bidding process outlined in confining state statutes for counties. Since the Authority is a quasi-governmental unit, established by the county commission, it is required to do business in that same manner.

I am a professional economic developer with 10-years of study and experience. The Department of Commerce and the Governor's office have turned to me many times to be involved in various boards, committees and projects, and I can tell you from that

background, that an industrial park simply cannot recruit, acquire and land new jobs if it has to bid the property it is trying to sell. It simply won't happen.

In fact, land in my part of the state is often given to a prospect as part of an incentive effort, or perhaps it's sold for a nominal amount. To risk losing a highly recruited manufacturer by putting them through a bidding war would completely eliminate the possibility of developing a viable project. Competition is far too great in the economic development arena to put any road blocks in the way of creating jobs and investment for Kansas.

The Great Plains Development Authority is about growing the economy and offsetting the loss of those 1,300 jobs. To do so, it has to have rules and regulations that put it on an even playing field with other industrial parks.

You may be asking yourself why I am championing an industrial park in my own backyard, and the reason is simple. My job is to grow the economy throughout my region because what's good for one part of the county is good for the whole county. And beyond that, there are a number of excellent industries that you simply don't want to have next door to your residential area.

The reality is that the employees at the Kansas Army Ammunition Plant made bombs for nearly 70 years and its 14,000-acre campus provides ample single-owner large-tracts for a variety of other industries that may perhaps be too noisy; with too much truck traffic; or maybe they need immediate rail access.

It's essential that the Great Plains Industrial Park is able to compete on an even playing field with other industrial parks. With your support, SB 60 will accomplish that.

Thank you for your time and I welcome any questions you might have.