

MINUTES OF THE HOUSE COMMITTEE ON LOCAL GOVERNMENT.

The meeting was called to order by Chairperson Nancy Brown at 1:40 p.m. on March 14, 1994 in Room 521-S of the Capitol.

All members were present except: Representative William Bryant (excused)  
Representative Carl Holmes (excused)  
Representative Russell Mills (excused)  
Representative Greg Packer (excused)  
Representative Robert Tomlinson (excused)  
Representative John Toplikar (excused)

Committee staff present: Michael Heim, Legislative Research Department  
Theresa Kiernan, Revisor of Statutes  
Lois Hedrick, Committee Secretary

Conferees appearing before the committee:  
James R. Orr, Attorney for the Westwood Foundation, City of Westwood  
Donald R. Seifert, Acting Director, Administrative Services, City of Olathe

Others attending: See Attachment 1.

The Chairman opened the hearing on **SB 792**, investment of moneys held by municipal foundations. James Orr, Attorney for the Westwood Foundation of the city of Westwood, testified in favor of the bill. The Foundation was developed about 25 years ago by industrial revenue bonds. The Foundation leases the land to the club for \$20,000 a month (essentially all profit). The bonds are paid off. (See Mr. Orr's testimony, Attachment 2.)

There being no others present to testify, the hearing on **SB 792** was closed.

The Chairman opened the hearing on **SB 798**, acquisition by cities of county created sewer districts.

Donald Seifert, Acting Director, Administrative Services for the City of Olathe, testified in support of the bill. He explained the reasons for the bill, which authorizes interlocal agreements covering sewer district transfers between any city and county in the state (see Attachment 3). Mr. Seifert, in response to questions, described the financing mechanics of such a transfer, stating that the indebtedness incurred by a sewer district would remain an obligation of the district. The city or county could assume outstanding debt of the sewer district and issue general obligation bonds to pay off any bonds issued to pay off the debt. Any bonds issued would not become part of the local unit's debt limit.

With respect to the Cedar Creek District, Mr. Seifert explained that about ten years remain of the term of the present district bonds. This bill grants authority to Olathe to pay the costs of acquisition through levy of

special assessments, as well as from any of the funds available to the local unit.

There being no others present to testify, the hearing on **SB 798** was closed.

The Chairman suggested action could be taken on **SB 792**. After discussion, on motion of Representative Wootton, seconded by Representative Ballard, the committee voted **SB 792** to be passed favorably.

**SB 457** (legislation and rules and regulations impacting cities, counties or school districts; fiscal notes and economic impact statements) was discussed. On motion of Representative Ballard, seconded by Representative Hayzlett, the committee voted **SB 457** to be passed favorably.

On motion of Representative Mays, seconded by Representative Ballard, the minutes of the meeting held on March 10, 1994, were approved.

The meeting was adjourned at 2:10 p.m. The next meeting of the committee is scheduled for Tuesday, March 15, 1994, 1:30 p.m., Room 521-S of the Capitol.

HOUSE OF REPRESENTATIVES  
COMMITTEE ON LOCAL GOVERNMENT  
CONFEREES AND VISITORS  
MARCH 14, 1994

NAME AND ADDRESS (Please print)

REPRESENTING

JIM ORR 4907 BELINDER, WESTWOOD KAN. WESTWOOD FOUNDATION  
Michelle Clum Topeka KS atty. Jon Small  
Don Seibert Olathe City of Olathe

## **THE WESTWOOD FOUNDATION SENATE BILL 792**

The Westwood Foundation is a charitable not-for-profit foundation which exists as an arm of the City of Westwood. Its purpose is to provide for the betterment of Westwood and its citizens. It is exclusively a charitable civic organization that was founded many years ago by action taken by the governing body of the City of Westwood. Senate Bill 792 will greatly assist the Foundation in fulfilling its mission.

The Foundation has now accrued substantial funds which it does not need for any immediate expenditure. However, because our laws governing the investment of municipal funds are so stringent, the Foundation cannot pursue prudent long-range investments. Please be assured that absolutely none of the income of the Foundation is derived from taxes, and it is not responsible for such basic municipal services as police protection, street maintenance and the like. Rather, it has traditionally undertaken primarily to supplement the resources of the City of Westwood.

Accordingly, the board of directors of the Foundation would like to set aside a portion of the Foundation's assets for a long-term charitable endowment. Indeed, it is only sensible to take funds that are not needed for short-term purposes and invest them in longer-term growth instruments. We have all been witness to the tremendous success of the KU Endowment Association and many of the private charitable foundations which have so enriched our community by taking a long-term growth-oriented strategy towards managing their funds, and it is precisely this type of financial flexibility that we seek with the present proposed legislation.

Please rest assured that we recognize that a substantial sum should be invested in secure investments which can be readily tapped if the need should arise. Accordingly, there is a provision which requires that 110% of the average annual expenses for the preceding five years be available either from the City or the Foundation in investments which are permitted by the municipal investment laws. In other words, the Foundation will always have approximately one year's expenses held in cash or extremely liquid guaranteed assets.

In short, the purpose of this legislation is to allow the Foundation to become a long-term endowment for the betterment of the citizens of Westwood. With this legislation, the Foundation can become the instrument for future financial security and better government for the City of Westwood.

James R. Orr  
Attorney, Westwood Foundation  
5000 W. 95th Street, Suite 300  
Prairie Village, Kansas 66207  
Phone: (913) 642-7300

**HOUSE LOCAL GOVERNMENT**  
**Attachment #** 2-1  
3 / 14 / 84

# ASH GROVE CEMENT COMPANY

8900 INDIAN CREEK PARKWAY, SUITE 600, P. O. BOX 25900  
OVERLAND PARK, KANSAS 66225

**CHARLES T. SUNDERLAND**  
VICE PRESIDENT-CORPORATE DEVELOPMENT

TELEPHONE: (913) 451-8900  
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March 11, 1994

Representative Nancy Brown  
Chair Local Government Committee  
Room 183-W  
State House  
Topeka, KS 66612

Dear Representative Brown:

I am writing as President of Cedar Creek Properties Inc., in support of senate bill 798, introduced by Senator Mark Parkinson.

This bill will correct the unusual situation existing in our Cedar Creek project in Olathe, where in, county owned sewer transmission lines flow to a city owned treatment plant. This situation has worked on a temporary basis, but needs to be corrected for the long term operation of the system under the jurisdiction of the city of Olathe.

Yours truly,



CTS:jab

HOUSE LOCAL GOVERNMENT  
Attachment # 2-2  
3 / 14 / 94



MEMORANDUM

**TO:** Members of the House Local Government Committee

**FROM:** Donald R. Seifert, Acting Director, Administrative Services *DRS*

**SUBJECT:** Senate Bill No. 798 - Transfer of Sewer Districts

**DATE:** March 14, 1993

On behalf of the city of Olathe, thank you for the opportunity to appear today in support of this bill concerning the transfer of a sanitary sewer district from a county to a city. SB 798 unanimously passed the Senate two weeks ago. It provides authority for interlocal agreements covering sewer district transfers between any city and county in the state. The bill also clarifies the status of outstanding indebtedness than may exist with the district at the time of transfer.

For some time, the city of Olathe and Johnson County have engaged in discussions on the transfer of a 2500 acre sewer district known as Cedar Creek Sub-District No. 1 from the county to the city. As shown on the attached exhibit, the district serves the Cedar Creek residential development in northwest Olathe, as well as undeveloped property near the Highway K-10/K-7 intersection planned for a high quality business park. The sewer collection system was built and has been operated by the county, but wastewater treatment within the district has been provided by the city at its Cedar Creek treatment plant. Most of the district now lies within the corporate limits of Olathe and is somewhat isolated from other county sewer facilities. As the area continues to develop, it makes sense to consolidate responsibility for all wastewater service with the city.

This is exactly what both governing bodies have agreed to do. However, legal questions have arisen as to the 20 year bonds issued by the county in 1988 to construct the district's original sewer main facilities. In subsection (c), SB 798 clarifies that after transfer, the outstanding debt remains an obligation of property owners within the district until the bonds are retired. As an alternative, subsection (d) of the bill also authorizes the city acquiring the sewer district to issue additional bonds to pay off the pre-existing debt.

Passage of this bill will facilitate the transfer of this growing district, allowing development to continue in a coordinated manner with one unit of government providing all utility services. Again, the city of Olathe appreciates your consideration of this bill, and encourages the Committee to recommend it favorably.

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Attachment

HOUSE LOCAL GOVERNMENT  
Attachment # 3-1  
3 / 14 / 94

# CEDAR CREEK SUB-DISTRICT No. 1

