

MINUTES OF THE HOUSE LOCAL GOVERNMENT COMMITTEE

The meeting was called to order by Chairman Steve Huebert at 3:30 p.m. on March 8, 2011, in Room 144-S of the Capitol.

All members were present.

Committee staff present:

Martha Dorsey, Kansas Legislative Research Department
Reed Holwegner, Kansas Legislative Research Department
Eunice Peters, Office of Revisor of Statutes
Florence Deeter, Committee Assistant

Conferees appearing before the Committee:

Senator Pat Apple, District 12, Louisburg, Kansas
Joseph Hall and Ron Nickelson, Representing the Sugar Lake Community {Written Only}
Joe Erskine, Deputy Secretary of Finance and Administration, Kansas Department of Transportation
Matt Hickam, Hickam Public Affairs, Watco Companies, Pittsburg, Kansas
Ron Seeber, Vice President, Government Affairs, Kansas Grain & Feed Association {Written Only}
Bob Boaldin, Chairman, Western Kansas Development Organization {Written Only}

Others attending:

See attached list.

Staff Eunice Peters distributed to committee members a memorandum in response to questions posed in the previous meeting (Attachment 1).

Hearing On: SB 150 – Cities; incorporation; number of residents.

The Chairman opened the meeting on **SB 150**. Staff Eunice Peters briefed the committee on the bill, stating that it contains language to reduce to a minimum of 250 the number of persons living in an area seeking eligibility for incorporation as a city. She noted there was outdated language regarding voter registration documents and signatures on petitions of request for incorporation of a city.

Senator Pat Apple, District 12, Louisburg, Kansas, spoke as a proponent of **SB 150**, saying it simply seeks to lower the threshold of population for a community choosing to become a city (Attachment 2). He noted the importance of historical events that have occurred in the area near Mound City, Kansas. Senator Apple said that Sugar Valley, with a population of 267, would like to be part of that city.

In answer to questions, Senator Apple said no opponents gave testimony when the bill was heard in the Senate Committee on Local Government. Senator Apple commented further, stating that the land was platted early in 1970. He submitted copies of the proponent's testimony to the Senate committee-- Joseph Hall and Ron Nickelson, representatives from the Sugar Lake Community (Attachment 3).

The Chairman closed the hearing on **SB 150**.

Hearing On: SB – 119 Rail Service Improvement program loans and grants.

The Chairman opened the hearing on **SB 119**. Staff Eunice Peters said the bill, as amended, would allow cities and counties to enter into loan or grant agreements with the Secretary of Transportation for the purpose of obtaining rail service improvement funds. She noted that the amount of loans granted to cities and counties would be excluded from their bonded indebtedness limitations.

Joe Erskine, Deputy Secretary of Finance and Administration, Kansas Department of Transportation (KDOT), explained that the agency operates a Rail Service Improvement Loan program (RSIL), which allows loans and grants to be given to qualified entities for rail improvement to cities, counties and industrial parks (Attachment 4). He noted that currently cities and counties have difficulty obtaining loans and grants due to lack of the required collateral. Mr. Erskine said the bill is designed to make the RSIL program available to cities and counties needing assistance and requested that the committee consider the bill favorable for passage.

CONTINUATION SHEET

Minutes of the House Elections Committee at 3:30 p.m. on March 8, 2011, in Room 144-S of the Capitol.

Matt Hickam, Hickam Public Affairs, Watco Companies, Pittsburg, Kansas, spoke as a proponent of **SB 119**, saying that Watco is the owner of Watco Transportation Services and is the largest privately-held short line railroad company in the United States (Attachment 5). He said rail service is very important to the economic stability of small communities. Mr. Hickam reported that the company has more than 1,400 miles of track in southeast Kansas, western Kansas and Wyandotte County. He requested the committee to consider the bill favorable for passage.

Ron Seeber, Vice President, Government Affairs, Kansas Grain & Feed Association submitted written testimony in support of **SB 119** (Attachment 6).

Bob Boaldin, Chairman, Western Kansas Development Organization, submitted written testimony in support of **SB 119** (Attachment 7).

Responding to a question, Staff Eunice Peters said the change of amendment in the bill is in on page 3, lines 4 and 5, in reference to qualified entities entering into an agreement-- "and in coordination with the railroad providing service."

The Chairman closed the meeting on **SB 119**.

The meeting was adjourned at 4:15. The next meeting is scheduled for March 10, 2011.

HOUSE LOCAL GOVERNMENT

GUEST LIST

DATE: March 8, 2011

[illegible]

MEMORANDUM

To: House Committee on Local Government

From: Eunice C. Peters, Assistant Revisor

Re: Cities, bids and bidding, statutes

Date: March 7, 2011

House Local Government
Date 3-8-11
Attachment 1

Applicability	Subject matter	Statutes	Bid requirements
Cities and municipalities	Floodwaters, protection from	12-638	If the property is to be condemned, the governing body of the city has the right to advertise for bids and enter into a contract for the improvements. Exemption from bid requirements when a drainage district or watershed district is willing to enter into a contract with the city for flood control.
	Improvements	12-6a05	In the preliminary plan, the governing body may advertise for bids for public improvement projects; the statute does not outline a bid procedure.
	Municipal improvement districts	12-17,101a	Self-supported municipal improvement districts may advertise for bids before any contract is let or any work is ordered or authorized for an improvement.
Cities of first class	Parkways and boulevards, improvements or repairs	13-1017 13-1331	Establishes a bid procedure for the award of construction contracts to the lowest responsible bidder.
	Sewers and drains	13-1055a	The building and construction of main sewers or drains may be built by the city or let to the lowest responsible bidder.
Cities of second class	Hospitals	14-646	Requires advertising for bids before a hospital or training school building may be constructed.

STATE OF KANSAS



TOPEKA

SENATE CHAMBER

PAT APPLE

SENATOR, TWELFTH DISTRICT

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VICECHAIR: ASSESSMENT AND TAXATION

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**Testimony in Support of
Senate Bill 150
March 8, 2011**

Chairman Huebert and members of the House Local Government Committee,

Thank you for the opportunity to testify in favor of Senate Bill 150. Senate Bill 150 deals with lowering the threshold of population where a community can seek to become a city from 300 to 250. The lake development community of Sugar Valley in Linn County would like to pursue the option to become a city. Currently their population is 267. Most grants and programs that enable communities to provide basic services are only available to cities and are not available to unincorporated communities.

Many of the homes in Sugar Valley are used as a second home and are not used as a primary residence. I believe it makes sense to lower the threshold.

The same safeguards are in place and Sugar Valley will need to work with and obtain the support of the Linn County Commission to establish a city.

Thank you for your consideration.

Very truly yours,

A handwritten signature in black ink, appearing to read "Pat Apple". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Pat Apple
Kansas Senate, District 12

House Local Government
Date 3-8-11
Attachment 2

Testimony in Support of SB 150
Presented to the Kansas Senate Local Government Committee
By Joseph F. Hall & Ron Nickelson
February 14, 2011

Thank you for the privilege of addressing you today in support of SB 150. We will try to make brevity the benchmark of our presentation.

We are representing the Sugar Lake community what is located about one and one-half miles south of Mound City, Kansas on highway 7 in Linn County.

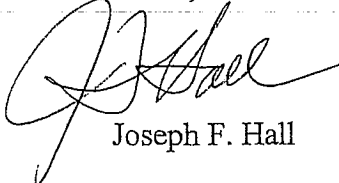
Currently the State statutes afford incorporation into a municipality to communities that have 300 residents, or 300 residential lots serviced by sewers and water. We fall short of both of these parameters, as do many lake communities in the State. It is important to know that during the months of April through October our population grows to 400-700 people as many homeowners of secondary residences come down to enjoy these months skiing, boating, playing golf, camping and other outdoor activities. This puts a strain on our ability to offer a safe complex and to provide services they need and deserve.

We would ask the Kansas Senate to amend the current law to alter the population minimum from 300 to 250. This would allow us to incorporate, with the blessing of the county, and achieve the following: water and sewage systems, storm drainage, improve roads and police presence backed by enforceable laws.

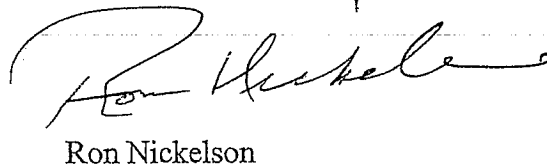
For our community to move forward it must have a foundation of established rules and an infrastructure that affords those property owners a sense of order and an environment that speaks to progress.

In closing, we humbly ask the Committee to look at the obvious reasons why this makes sense, but perhaps look deeply to see who would object and who would be harmed by such a change. Frankly I see no argument, based on the principles that govern common sense that would validate the rejection of this proposal. With the help of the great State of Kansas, we, as a community, will move forward with the adoption of this amendment.

Yours,



Joseph F. Hall



Ron Nickelson

House Local Government
Date 3-8-11
Attachment 3

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Deb Miller, Secretary

Kansas Department of Transportation

Sam Brownback, Governor

**TESTIMONY BEFORE
HOUSE COMMITTEE ON LOCAL GOVERNMENT**

**REGARDING SENATE BILL 119
RELATING TO COLLATERAL FOR RAIL SERVICE
IMPROVEMENT PROGRAM LOANS**

March 8, 2011

Mr. Chairman and Committee Members:

Good afternoon Mister Chairman, members of the committee. I am Joe Erskine, Deputy Secretary for Finance and Administration for the Kansas Department of Transportation (KDOT), here today to testify in support of SB 119.

KDOT operates a Rail Service Improvement Loan program, and consistent with the name, provides loans and grants to qualified entities for rail improvements. Last year the department expanded the program to include cities, counties, and industrial parks as qualified entities. Just like any other loan, these entities are required to put forth collateral in order to qualify to receive loan funds. These loans are integral to assist in the thriving agricultural economy of the state.

This proposed legislation would allow KDOT to capture transfers from the Special City-County Highway Fund as collateral to protect both the state assets and those of the cities and counties utilizing the program. Currently, KDOT uses the same scenario proposed in this legislation for cities and counties that apply for loans under the Transportation Revolving Fund.

I want to be clear that these funds would not be automatically used as collateral in any loan given to cities, counties or industrial parks, but only if that is what the loan applicant prefers to use as collateral in the transaction and includes it as such in the loan agreement.

Under the current scenario, cities and counties find it difficult to obtain these loans due to lack of collateral. We, at KDOT, believe that the best way to make this program most accessible to the Kansas cities and counties that need it most is through this legislative measure. We ask that you please support SB 119.

Thank you for the opportunity to appear before the committee today. I will gladly stand for questions at the appropriate time.

House Local Government

Date 3-8-11

Attachment 4



Matt Hickam, Hickam Public Affairs
representing Watco Companies
before the
House Local Government Committee

March 8, 2011

in support of
Senate Bill 119

Chairman Huebert and members of the committee:

My name is Matt Hickam and I am here speaking on behalf of Watco Companies, Inc., a Pittsburg, Kansas-based transportation company. Watco Companies is the owner of Watco Transportation Services, the largest privately-held short line railroad company in the U.S. operating 22 short line railroads on more than 3,500 miles of track as well as 23 industrial contract switching locations.

Watco's Mechanical Services division operates 14 railcar repair shops, 4 locomotive shops and 19 mobile mechanical shops. The Transload/Intermodal Services division currently manages 12 transload facilities, 7 warehouses and 1 intermodal location. Our rail operations in Kansas have more than 1,400 miles of track in southeast Kansas, western Kansas and in Wyandotte County.

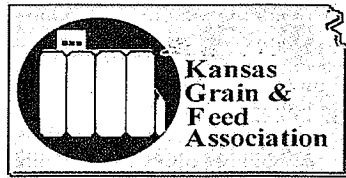
We rise in support of SB 119 because we understand the importance of rail service to the economic vitality of communities. These loans and grants will assist entities like Watco with the financing, acquisition and rehabilitation of railroads and cars.

We are pleased that the Senate amended the original bill to require a governmental unit, should they qualify as a recipient of loans or grants under this bill, to coordinate with the railroad providing service to their locality. This will ensure cooperation between the two parties.

House Local Government

Date 3-8-11

Attachment 5



**House Local Government Committee
Written Testimony in Support of SB 119
on behalf of the
Kansas Grain and Feed Association
and
Kansas Cooperative Council
March 8, 2011**

Thank you Chairman, members of the House Local Government Committee, I am Ron Seeber, Vice President of Government Affairs of the Kansas Grain and Feed Association (KGFA). The KGFA is a voluntary state association with a membership encompassing the entire spectrum of the grain receiving, storage, processing and shipping industry in the state of Kansas. KGFA's membership includes over 950 Kansas business locations and represents 99% of the commercially licensed grain storage in the state. I am also representing Leslie Kaufman with the Kansas Cooperative Council. The KCC is a voluntary, statewide trade association representing all forms of cooperative businesses across the state -- agricultural, utility, credit, financial, refining and consumer cooperatives.

KGFA and KCC support the passage of SB 119. Last year, KDOT expanded the short line rail program to cities, counties, and industrial parks through the rules and regulations process. In order to receive loan funds, those entities must put forward collateral for the loan. This bill establishes in statute what the new eligible rail loan entities can use as collateral and also allows KDOT to capture transfers from the Special City-County Highway Fund as collateral. KDOT currently allows local entities to do that for the Transportation Revolving Fund.

By expanding ability for the short-line rail program to include shippers, local governments, and industrial parks, we can improve access to elevators allowing more efficient movement of grain.

Thank you for your consideration.

House Local Government
Date 3-8-11
Attachment 6

WESTERN KANSAS DEVELOPEMNT ORGANIZATION

**Testimony in Support of
Senate Bill No. 119
Before the House Local Government Committee
March 8, 2011**

Dear Chairman Huebert and Honorable Members of the Committee:

I am pleased to submit written testimony today in support of Senate Bill No. 119. Western Kansas Development Organization is a consortium of six counties in southwestern Kansas (Grant, Gray, Haskell, Morton, Stanton and Stevens) formed for the purpose of promoting economic development activities for our communities.

An important part of economic development is reliable and efficient transportation network, particularly rail transportation. Maintaining adequate freight rail transportation is vital in rural communities. Rail transportation services provide local businesses and grain producers with lower transportation cost and access to new marketplaces, through the efficiency of freight rail transportation. Reliable rail service benefits the State of Kansas because it reduces vehicle roadway traffic and reduces wear and tear on local highways by reducing the distance driven by local producers as they transport crops to the facilities for access to distant domestic end users as well as markets around the world.

Western Kansas Development Organization successfully worked with the Kansas Department of Transportation on a railroad rehabilitation project in Southwest Kansas. Through this experience we learned there are limited financial resources available to local governments for state projects. The intent of Senate Bill No. 119 is to permit the Secretary to participate, through the rail service improvement fund, in qualified projects that provide a cost benefit to the Department and local communities and to secure repayment for the State in the event of a default.

We support this legislation and encourage your favorable action.

Thank you in advance for your consideration.

Sincerely,

Bob Boaldin
Chairman
Western Kansas Development Organization

House Local Government
Date 3-8-11
Attachment 7