

MINUTES OF THE SENATE ELECTIONS AND LOCAL GOVERNMENT.

The meeting was called to order by Chairman Senator Janice Hardenburger at 1:30 p.m. on February 21, 2000, in Room 529-S of the Capitol.

All members were present:

Committee staff present: Dennis Hodgins, Legislative Research Department
Mike Heim, Legislative Research Department
Ken Wilke, Revisor of Statutes
Graceanna Wood, Committee Secretary

Conferees appearing before the committee: Randy Allen, Kansas Association of Counties
Robert Abel, Jefferson County Auxiliary Services
Dan Harden, Riley County Public Works Division
Bob Totten, Kansas Contractors Association
Ted Dankert, Contractor, Towanda
Stan Scudder, Contractor, Newton
Mike Brown, Contractor, Salina
Edward R. Moses, Kansas Aggregate Producers Association
Dennis Rackers, Ash Grove Aggregate

Others attending: See attached list

Chairman Hardenburger opened the hearings on **SB-561 concerning counties; relating to public bids, and repealing the existing section.** The bill would change the threshold on all contracts for the expenditure of county moneys for the construction of any courthouse, jail or other county buildings, or the construction of any bridge in excess of \$100,000, to be awarded on a public letting to the lowest and best bid. In other words, everything below that \$100,000 would not have to be competitively bid.

Randy Allen, Kansas Association of Counties gave testimony in support of **SB 561**, requesting that the \$10,000 threshold be increased to \$100,000, as a way to modernize the statute for small projects while ensuring that more significant and more costly projects continue to be subject to a public bidding process and that performance bonds are required to be filed by the contractor. (Attachment #1)

Robert Abel, Jr., Auxiliary Services Director of Jefferson County also presented testimony in favor of **SB 561**. He said that the increased construction costs have made the \$10,000 threshold in the statute very restrictive. He said small local businesses will not even bid projects because of the bond requirement and the requirement for engineering and architectural plans. (Attachment #2)

Don Harden, Riley County public works engineer presented testimony in favor of the bill. He said there is a "project overhead problem", which consists of the costs associated with developing plans and specifications and the contractor cost associated with bid bonds, performance bonds and statutory bonds. (Attachment #3)

Bob Totten, Public Affairs Director for the Kansas Contractors Association gave testimony in opposition to **SB 561**. Mr. Totten told the Committee that his Association believes all construction contracts should be let on an open, competitive basis with awards being made to the lowest and most responsible bidder. (Attachment #4)

Ted Dankert, owner of Dustrol, Inc., Towanda, specializing in highway construction work, opposed **SB 561**. Mr Dankert gave testimony informing the Committee that he does not think that expanding the role of a government agency such as a public works or road and highway department is a good idea. (Attachment #5)

The Committee discussed the threshold being raised to \$100,000.

CONTINUATION SHEET

Stan Scudder, Contractor from Newton, opposed the bill. He said the action would put local governments in the construction business. This would not only take work away from the private sector and the competitive bid process, it would be a very inefficient use of tax dollars. (Attachment #6)

Michael D. Brown, Secretary-Treasurer Brown & Brown, Inc. of Salina, in opposition of **SB 561**, stated to the Committee that they do not consider projects between \$10,000 and \$100,000 to be small. Increasing the threshold would eliminate the opportunity for small companies to be competitive in the construction industry. (Attachment #7)

Edward R. Moses, Managing Director of the Kansas Aggregate Producers' Association, opposing **SB 561**, said that government should only perform those services that are not normally or customarily provided in the private sector. Mr. Moses said if this bill would become law it would only give county governments greater ability to compete against the private sector. (Attachment #8)

Dennis Rackers, Ash Grove Aggregate, Overland Park, gave comments in opposition to **SB 561**, stating to the Committee that by passage of the bill, would create more government. (No written testimony)

The Committee discussed further the threshold being raised to \$50,000, instead of the \$100,000.

Chairman Hardenburger closed the hearing of **SB 561**.

Meeting was adjourned at 2:30 p.m. Next meeting is scheduled for February 22, 2000.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

Page 4 of 1

