Kansas Water Authority Meeting
Garden City, Kansas
4:00 p.m. – May 17, 2017
Agenda

Time	*Agenda Item*	*Presenter*	*KWA Advice*	*KWA Decision*	*Page No.*
4:00 pm	**Call to Order/Introductions**	Gary Harshberger	--	--	--
4:05 pm	**Approval of Meeting Minutes**	Gary Harshberger			
	January 25, 2017 Meeting			X	1
4:10 pm	**KWA RAC Committee**	Greg Graff			
	Membership	Greg Graff Matt Unruh		X	3
	IPM Suspension	Matt Unruh Gary Harshberger		X	5
	Regional Advisory Committee Updates				
4:30 pm	*Upper Arkansas*	Titus Jaeger			6
4:50 pm	*Cimarron*	Nick Hatcher			
5:10 pm	*Red Hills*	Mark Watts			
5:30 pm	**Adjourn**				

Kansas Water Authority Meeting
Garden City, Kansas
8:00 a.m. – May 18, 2017

Time	*Agenda Item*	*Presenter*	*KWA Advice*	*KWA Decision*	*Page No.*
8:00 am	**Call to Order/Introductions**	Gary Harshberger	--	--	--
8:05 am	**KWO/KWA Operations**				
	USGS Streamgaging Agreement	Earl Lewis		X	7
	USGS KS River Taste & Odor Monitoring Agreement	Earl Lewis		X	7
	USGS Neosho River Sediment Monitoring Agreement	Earl Lewis		X	7
	Tuttle Creek Reservoir US Army Corps of Engineers Planning Assistance to States	Earl Lewis		X	8
	Regional Conservation Partnership Program (RCPP) – Milford Lake	Matt Unruh	X		9
8:50 am	**KWA PWS Committee**	Dennis Schwartz			
	2017 PWS Comprehensive Capital Development Plan	Cara Hendricks		X	10
	CY 2018 Water Marketing Rate	Cara Hendricks		X	12
	Public Water Supply IPM-11 Revision	Cara Hendricks			12
9:50 am	**BREAK**				
10:10 am	**Legislative Update**	Ginger Harper	X		20
11:00 am	**SWPF Budget Discussion**	Katie Mitchell	X		21
11:30 am	**Research Coordination**	Earl Lewis	X		23
12:00 pm	**LUNCH**				
	Regional Advisory Committee Updates				
12:45 pm	*Upper Republican*	Sid Metcalf			
1:05 pm	*Upper Smoky Hill*	Shane Mann			
1:25 pm	*Solomon-Republican*	Donald Hellwig			
1:45 pm	*Great Bend Prairie*	Berry Bortz			
2:05 pm	**Director's Report**	Tracy Streeter			
2:20 pm	**New Business**				
2:45 pm	**Adjourn**				

Upcoming Kansas Water Authority Meetings: August 16-17, 2017, Pittsburg, KS

Minutes

KANSAS WATER AUTHORITY

January 25, 2017 **Topeka, Kansas** **Regular Meeting**

CALL TO ORDER: Chairman **Gary Harshberger** called the **January 25, 2017** Kansas Water Authority meeting to order at 8:00 a.m. at the Ramada Inn Downtown, Grand Ballroom, Topeka, Kansas.

MEMBERS PRESENT: Gary Harshberger, Chairman; Mike Armstrong; David Barfield; Mark Fischer; Greg Graff; Steven Graham; Randy Hayzlett; Robin Jennison; Calvin Kissick; Brad Loveless; Rolfe Mandel; Ed Martinko; Gary Mason; Karma Mason; Jackie McClaskey; Rob Reschke; Sue Schlapp; Dennis F. Schwartz; Lynn Wobker; Tracy Streeter;

MEMBERS ABSENT: John Bailey; Alan King; Pat Apple; Antonio Soave; John Floros;

APPROVAL OF MINUTES:

Motion No. 01-25-01 It was moved by **Dennis Schwartz** and seconded by **Brad Loveless** that the **December 15, 2016** Minutes for the Regular Meeting of the Kansas Water Authority be approved as presented. **Motion carried with no dissenting votes.**

KANSAS PWS COMMITTEE:

Capital Development Plan

Cara Hendricks provided an update on the Capital Development Plan.

KANSAS RAC COMMITTEE:

Membership

Greg Graff and **Ginger Harper** presented the KWA RAC Committee report recommending approval for applicant Bill Simshauser for the Upper Arkansas RAC.

Motion No. 01-25-02 It was moved by **Greg Graff** and seconded by **Randy Hayzlett** to appoint Bill Simshauser to serve on the Upper Arkansas Regional Advisory Committee as recommended. **Motion carried with no dissenting votes.**

Greg Graff and **Ginger Harper** presented the KWA RAC Committee recommendations on the Neosho RAC for removal of Nik Roth for non-attendance.

Motion No. 01-25-03 It was moved by **Brad Loveless** and seconded by **Lynn Wobker** to approve the removal of Nik Roth from the Neosho RAC for non-attendance. **Motion carried with no dissenting votes.**

RATTLESNAKE CREEK UPDATE:

David Barfield provided an update on Rattlesnake Creek.

JOHN REDMOND UPDATE:

Matt Unruh and **Cara Hendricks** provided an update John Redmond activities.

FEDERAL ACTIVITIES: **Earl Lewis** presented an update on federal activities.

NSF GRANT ON PRODUCED WATER:

Ted Peltier provided a presentation on produced water.

LEGISLATIVE & BUDGET OVERVIEW:

KDA WCA Legislation **Susan Metzger**, provided this update.

Motion No. 01-25-04 It was moved by **Greg Graff** and seconded by **Brad Loveless** to support the WCA legislation. **Motion carried with no dissenting votes.**

Water Right Impairment **Susan Metzger**, provided this update.

Motion No. 01-25-05 It was moved by **Mike Armstrong** and seconded by **Brad Loveless** to support the Impairment legislation. **Motion carried with no dissenting votes.**

Legislation & Budget: **Ginger Harper** and **Earl Lewis** provided an update.

HYDROSUCTION TECHNOLOGY:

John Shelley, USACE and **Tom Stiles, KDHE** provided a presentation.

DIRECTOR'S REPORT: **Tracy Streeter** provided the Director's Report. Richard Rockel provided information on the upcoming Water Talk Series. Don Whittemore provided an update on preliminary data for water levels in GMDS.

NEW BUSINESS:

UPCOMING MEETINGS: May 17-18, 2017 KWA Meeting, Garden City, Kansas

Adjournment The KWA adjourned at **12:40 p.m.**

MEMO

Kansas Water Office
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DATE: May 8, 2017
TO: Kansas Water Authority
FROM: Matt Unruh
RE: KWA RAC Operations Committee

The KWA RAC Operations Committee met on May 3, 2017, via conference call. Committee members participating in the call included Greg Graff, Calvin Kissick, and Lynn Wobker. Discussion from the meeting included the following topics:

- RAC Membership
- New Draft Regional Goal for the Upper Arkansas RAC
- IPM Suspension for RAC Chairs Term

Relating to RAC Membership, the RAC Operations Committee approved the following recommendations to pass along to the full KWA:

- Marais des Cygnes RAC
  - Approve membership application for Gary Armentrout, Centerville, for vacant Agriculture position and reclassify position as Public Water Supply.
- Neosho RAC
  - Approve membership application for Kent Bacon, Council Grove, for vacant Ranching/Grazing position.
  - Approve membership application for Lisa Suderman, Hillsboro, for vacant Agriculture Industry position and reclassify position as At Large Public.
- Red Hills RAC
  - Approve membership application for Gene Albers, Cunningham, for vacant Agriculture position.
- Smoky Hill-Saline RAC
  - As stated within the RAC Internal Policy Memorandum (IPM), if a Regional Advisory Committee member does not attend three (3) consecutive meetings, the Kansas Water Office will notify the member that they will be replaced unless they notify the KWO with due cause. The Smoky Hill-Saline RAC has two members which meet these criteria and have been recommended by the RAC as well as the RAC Operations Committee for removal from the RAC. These members are:
    - Paul Froelich, Enterprise, At Large Public position with 8/31/2017 term expiration and
    - John Peckham, Salina, Conservation/Environment position with 8/31/2019 term expiration.

The RAC Operations Committee also discussed suspension of the RAC IPM relating to RAC Chair term limits. Please refer to the memo relating to the IPM Suspension for additional background information. It was the recommendation of the RAC Operations Committee that a one-time suspension of the IPM relating to RAC Chair term limits be approved. This allows current Chairs to continue in their roles for another 2 years if they so desire.

Lastly, discussion also took place on a new draft regional goal developed by the Upper Arkansas RAC. Please see the memo from Diane Knowles for additional background information. It was the recommendation of the RAC Operations Committee to discuss this new draft goal with the full KWA, including discussion of the recommendations to be communicated from the KWA to the RAC regarding drafting of new regional goals and action plans as well as revision of current regional goals and action plans.

The KWA RAC Operations Committee recommends the KWA approve RAC membership items as presented, including appointment of Gary Armentrout to the Marais des Cygnes RAC, Kent Bacon and Lisa Suderman to the Neosho RAC, Gene Albers to the Red Hills RAC, and removal of Paul Froelich and John Peckham from the Smoky Hill-Saline RAC.

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DATE: May 8, 2017
TO: Kansas Water Authority
FROM: Matt Unruh
RE: IPM Suspension

At the September 1, 2016, and October 19, 2016, Kansas Water Authority (KWA) meetings, the KWA took action to approve Regional Goal Action Plans developed by all 14 of the Regional Advisory Committees (RAC). Since this action was taken, the RACs have been making progress and meeting to determine how to best move Regional Goal Action Plan implementation forward. One potential impediment to progress being made on implementation efforts could be a change in RAC leadership.

As stated within the Internal Policy Memorandum (IPM) in regards to Regional Advisory Committee Operations, *"The Chair and Vice-Chair positions will serve two year terms and cannot serve two consecutive terms."* Being that the RAC Chairs were originally appointed at the August 2015 KWA meeting, the terms for these positions are set to expire in August 2017, and the current Chairs could not be reappointed for an additional term following expiration of the original term. With the IPM in place as is, this could create a period of turnover among the RAC Chair positions at a time when continued leadership stability could present the best opportunity for continued Regional Goal Action Plan implementation progress.

During the KWA RAC Operations Committee meeting on May 3, Committee members along with Kansas Water Office staff discussed this potential turnover in RAC Chair leadership and what options were available with the IPM to address this situation. There was consensus among Committee members that a suspension of this IPM is warranted.

The RAC Operations Committee recommends the KWA approve a one-time suspension of the IPM regarding RAC Chair terms, allowing RAC Chairs to conserve a consecutive term from their original term which would expire August 31, 2019.

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DATE: May 8, 2017
TO: Kansas Water Authority
FROM: Diane Knowles-Water Resources Planner Upper Arkansas
RE: New Regional Goal-Upper Arkansas Region

The Upper Arkansas (UA) Regional Advisory Committee (RAC) has drafted a new regional goal in regard to Arkansas River water quality and the associated groundwater. At their February 14, 2017 meeting, the UA RAC began developing the concern for continued degradation of water supplies in the region. An April 20, 2017, conference call meeting formalized a Regional Goal to address the continuing water quality deterioration and its effects on regional water supplies. This would be the region's 5th Goal.

> ***GOAL:*** *Develop and monitor a holistic management plan through collaboration to abate the increasing pollutant load and improve the quality and usability of aquifer supplies in the Upper Arkansas region.*

Background: For many years the Kansas Water Plan recognized the salt laden Arkansas River waters entering Kansas as a problem in the Upper Arkansas Basin and included a Basin Priority Issue –Interstate Cooperation to Address Water Quality. The high total dissolved solids (TDS) is excessively high, with sulfate, selenium and uranium impairing the environmental and economic uses of the river and associated groundwater.

Medium priority Total Maximum Daily Loads (TMDLs) have been in place since 2000 for sulfate and boron. In 2008, a high priority TMDL was approved for selenium. Recent studies by the Kansas Geological Survey and the Kansas Department of Health and Environment have determined the increasing tonnage of uranium coming into Kansas as one of the numerous elements in the Arkansas River water from Colorado that ultimately limits water usability as uranium-laden river water infiltrates into the alluvial and High Plains Aquifers which is already tainted with high salt content from the river. More aggressive water management practices are needed in the Arkansas Valley between John Martin Reservoir and the Colorado/Kansas Stateline in order to reverse the upward trajectory of pollutant loads entering Kansas in river water.

The UA RAC wants Kansas to develop and implement a management plan that supports those practices that abate the pollutant loads. Plan development would include the Kansas Department of Health and Environment, the Kansas Department of Agriculture, the Kansas Geological Survey and Groundwater Management District #3 to work with their counterparts in Colorado and possibly the Arkansas River Compact Administration and others as deemed appropriate.

The KWA RAC Operations Committee recommends the Kansas Water Authority discuss the Upper Arkansas RAC's newly drafted goal and take action to provide feedback to all RACs regarding the regional goal and action plan development/revision process moving forward.

MEMO

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DATE: May 3, 2017
TO: Kansas Water Authority
FROM: Katie Mitchell
RE: Federal Cooperative Agreements – Streamgaging, Kansas River Water Quality Monitoring & Neosho River Sediment Monitoring

There are three potential agreements between the KWO and U.S. Geological Survey (USGS) for review and consideration by the Kansas Water Authority (KWA). Approval by the KWA, under KSA 74-2622, is required before the Kansas Water Office (KWO) enters into agreements with the federal government.

Streamgaging Network

The USGS, in cooperation with the KWO and other cooperators, maintains streamgages across the state. Under this Joint Funding Agreement (JFA), funding for the streamgaging program will be provided for FY 2018. Streamgages provide near real-time information about stream and river conditions. This information is used daily by numerous local, state and federal agencies and research entities to plan, protect and conserve water resources.

The non-federal contribution to cover the part of costs necessary to continue operations in FY 2018 will total $350,000 from the SWPF, we continue to be in discussions with USGS on finding additional funding sources, Water Assurance Districts will pay for the streamgages that monitor flow in the Assurance Districts and Water Marketing will pay for streamgages that monitor flow within the marketing customers these equal two gages per WAD and Marketing Program. Final agreement will be determined after further discussions with USGS.

Kansas River Water Quality Monitoring

Through a Joint Funding Agreement, the USGS, the cities of Topeka, Lawrence, Olathe and Water District No. 1 of Johnson County, will continue the Water Quality Monitoring agreement, the characterization of the sources, frequency and causes of cyanobacteria and associated toxins and taste-and-odor compounds in the Kansas River. This contract includes the operation of water-quality monitors on the Kansas River at De Soto and Wamego, routine sample collection at these 2 sites over a range of hydrologic conditions, event-based sample collection at reservoir outflows, and development of statistical relationships between collected samples and sensor values. This cooperative study will also evaluate the opportunity for an advanced notification system with sufficient lead time to alert water suppliers that use the Kansas River as a source of water supply of changing water quality conditions that may affect treatment processes or cause cyanobacteria-related toxin and taste-and-odor events.

The proposal is being re-scoped and we will provide additional information regarding the scope and funding at the KWA meeting.

Neosho River Sediment Monitoring

Through a Joint Funding Agreement, the KWO and USGS will include continued operation of six water quality monitors and suspended sediment sampling at Plymouth, Burlingame Road, Neosho Rapids, Burlington, Iola and Parsons. The sites at Plymouth and Burlingame Road were added through modification to the current agreement in May 2015 to aid in characterizing (along with the existing site Neosho Rapids) the efficacy of streambank stabilization efforts on the Upper Neosho and Cottonwood rivers. The Burlington, Iola and Parsons sites will be used to monitor the downstream effects of dredging activities in John Redmond Reservoir.

The non-federal contribution to cover the cost of the necessary field and analytical work directly related to this program will not exceed $100,000 from the KWO in FY2018.

The Kansas Water Office recommends KWA give approval to the Director to enter into agreements with U.S. Geological Survey for the Streamgaging Network, Kansas River Water Quality Monitoring, and Neosho River Sediment Monitoring.

MEMO

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DATE: May 8, 2017
TO: Kansas Water Authority
FROM: Cara Hendricks, P.E.
RE: Tuttle Creek Reservoir US Army Corps of Engineers Planning Assistance to States

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The Kansas City District Army Corps of Engineers has funding available for a Planning Assistance to States (PAS) agreement for the development of a comprehensive plan for the Kansas River sediment analysis and transport model. The sediment transport model is a key component in analyzing sediment management scenarios (i.e. sediment bypass at Tuttle Creek reservoir) and impacts to downstream infrastructure and ecological resources. The PAS would be a two-year agreement totaling $186,000, with KWO providing $93,000 in cash and work in kind (WIK). KWO's contribution would be $38,000 in year one, and $55,000 in year two.

The major tasks included in the PAS two-year agreement are as follows:

- Sediment Transport Model Development
- Reservoir data collection and sample analysis
- Sediment Management & Model Workshops

The Kansas Water Office recommends approval to enter into a Planning Assistance to States (PAS) agreement with the U.S. Army Corps of Engineers for the development of a comprehensive plan for the Kansas River Sediment Analysis and Transport Model. The two-year agreement totals $186,000, with a projected total amount of $93,000 to be provided by the Kansas Water Office as cash match and/or work-in-kind contribution.

MEMO

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DATE: May 8, 2017
TO: Kansas Water Authority
FROM: Matt Unruh
RE: Regional Conservation Partnership Program (RCPP) – Milford Lake Watershed

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The Regional Conservation Partnership Program (RCPP) is a Natural Resources Conservation Service (NRCS) initiative which encourages partners to join in efforts with producers to increase the restoration and sustainable use of soil, water, wildlife and related natural resources on regional or watershed scales. Through the program, NRCS and partners help producers install and maintain conservation activities in selected project areas through existing NRCS conservation programs. Partners leverage RCPP funding in project areas and report on the benefits achieved. More information on the RCPP Program can be found at:
https://www.nrcs.usda.gov/wps/portal/nrcs/detailfull/national/programs/farmbill/rcpp/?cid=stelprdb1242732

The Kansas Water Office, serving as the Lead Partner for this proposal, submitted a pre-proposal with NRCS for a RCPP project which looks to address water quality concerns in the Milford Lake Watershed. Other current participating partners for the project currently include:

- Kansas Department of Health and Environment (KDHE)
- Kansas Department of Agriculture – Division of Conservation
- Kansas Department of Wildlife, Parks and Tourism
- Kansas State University
- Kansas Farm Bureau
- Kansas Corn Growers Association
- Acorns Resort at Milford Lake
- Kansas Biological Survey
- Kansas Forest Service
- Kansas Alliance for Wetlands and Streams (KAWS)
- Friends of the Kaw
- Geary County Conservation District
- Riley County Conservation District
- Washington County Conservation District
- National Sorghum Producers
- Sustainable Environmental Consultants
- CropMetrics
- Kansas River Water Assurance District No.1
- Kansas Agribusiness Retailers Association
- Kansas Soybean Association

Announcements of pre-proposals selected to advance to the full proposal stage is scheduled to take place the week of June 26, 2017. Full proposal applications are due August 31, 2017, and announcement of selected full proposals will take place by NRCS in November 2017.

MEMO

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DATE: May 9, 2017
TO: Kansas Water Authority
FROM: Dennis Schwartz, Chair, Public Water Supply Committee
Cara Hendricks, P.E.
RE: Public Water Supply Committee Update

The following summarizes the goals of the KWA Public Water Supply Committee (PWS Committee) with regard to the items presented herein:

Action Items:
- Set the CY 2018 Water Marketing Variable Rate
- Approve 2017 PWS Comprehensive Capital Development Plan
- Approve revised IPM No. 11 regarding PWS committee advisory members

Informational Items:
- Value of Assurance Storage policy introduction/discussion

The purpose of this memorandum is to summarize recent efforts of the PWS Committee related to the following items:
- Development of the "2017 Public Water Supply Program Comprehensive Capital Development Plan (CCDP)"
- Setting the CY 2018 Water Marketing Program Variable Rate
- Update to Internal Policy Memorandum No. 11 regarding PWS Committee advisory members
- Value of Storage policy introduction/discussion

The following attachments are hereby provided in support of this memorandum:
1. Summary of Changes from 2014 Marketing Capital Development & Storage Maintenance Plan
2. CCDP Budget Overview Summary
3. IPM-11 Revision
4. 2017 PWS CCDP (attached in its entirety)

Development of the 2017 Public Water Supply Program Comprehensive Capital Development Plan (CCDP)

Over the past several months, the PWS Committee has met multiple times to discuss several items, including the development of the 2017 Public Water Supply Comprehensive Capital Development Plan (CCDP). The development of the CCDP was discussed at the January 25, 2017 KWA meeting, at which the Kansas Water Office (KWO) provided a brief presentation regarding the purpose and proposed content of the CCDP.

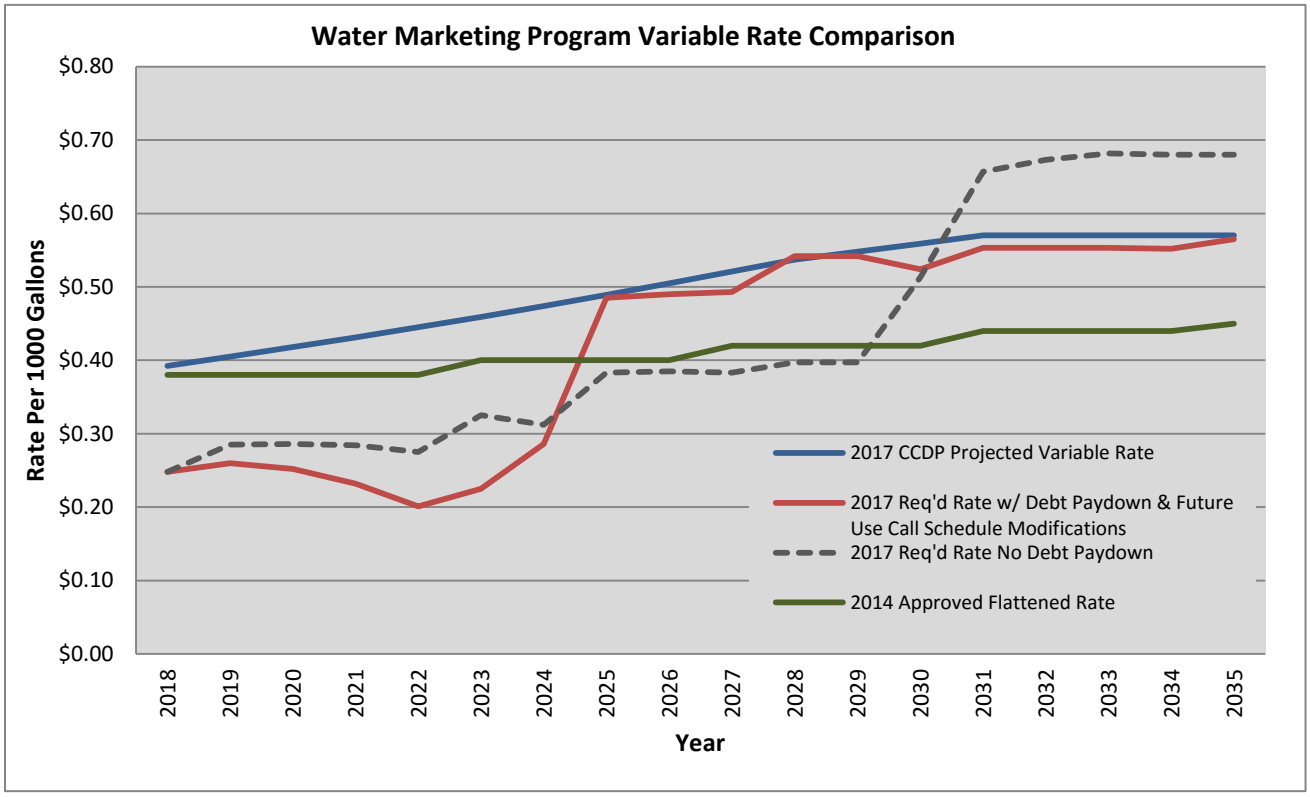
The KWO operates the Kansas Water Marketing and Water Assurance programs as part of its Public Water Supply Program. Pursuant to K.S.A. 82a-1308, the KWO has continued to update and publish the *Water Marketing Capital Development and Storage Maintenance Plan*. The purpose of this plan is to provide for the long-term planning of future Water Marketing Program needs, including acquisition of all the water supply storage under federal contracts, potential new storage development and protection and restoration of the storage owned by the State. Since 2014, this plan has only included the revenues and expenditures of the marketing program. The Kansas Water Authority approved the most recent Capital Development and Storage Maintenance Plan in 2014.

In 2017, at the direction of the KWA Public Water Supply Committee (PWS Committee), the Kansas Water Office began development of the *Public Water Supply Comprehensive Capital Development Plan (CCDP)*. The purpose of the plan was to expand the 2014 *Water Marketing Program Capital Development and Storage Maintenance Plan* to account for all revenue and expenses related to the State's public water supply storage. The CCDP interconnects funding sources related to state-owned public water supply storage, including the Water Assurance Program and State Water Plan funds specifically tied to public water supply storage.

Prior to this updated plan, the Authority had sought to flatten out variations in the rate to be able to lend financial stability to both customers and the Program. A stepped increase in the variable rate was adopted by the KWA in conjunction with discussions on reservoir restoration. The previously approved flattened rate was projected to provide adequate revenue to cover program expenses and provide funding for protection and restoration projects in the near term; however, the plan indicated that the long-term financial needs of the program would require future analysis.

As part of the development of the 2017 CCDP, the PWS Committee directed the KWO to analyze water marketing variable rate scenarios that would allow a portion of the revenue generated through the marketing program to pay down existing debt, with a portion or revenue dedicated to fund reservoir protection and restoration projects that would benefit the program. It was determined that, due to the future use storage calls that will be made by the marketing program within the next 20 years, the previously approved flattened rate would not meet program needs in the long-term.

The 2017 CCDP includes an update to the variable rate structure with a projected annual increase of 3.2% beginning in 2018. For long-term planning purposes, the projected water marketing variable rate in the CCDP includes an annual increase of 3.2% from 2018 through 2028, a 2% annual increase from 2029 to 2031, with a flattened rate thereafter. As shown in the chart below, this rate structure is projected to provide adequate revenue to cover the future use calls required by the program.



On May 5, 2017, the KWA PWS Committee met with all members in attendance. At that meeting, Committee members discussed the draft CCDP as presented by KWO, and acted to recommend approval of the CCDP contingent upon final edits to be provided by KWO. The 2017 CCDP in its entirety is attached to this memorandum. Also attached is a summary of the changes made from the previous 2014 *Water Marketing Program Capital Development and Storage Maintenance Plan* as incorporated into the 2017 CCDP.

Based on the PWS Committee action on May 5, 2017, the PWS Committee recommends that the Kansas Water Authority approve the 2017 Public Water Supply Program Capital Development Plan (CCDP) as attached. This plan replaces the 2014 Water Marketing Program Capital Development and Storage Maintenance Plan.

Water Marketing Program Variable Rate for Calendar Year 2018

At the meeting held on May 5, 2017, the PWS Committee acted to recommend that the KWA set the Calendar Year (CY) 2018 water marketing variable rate at $0.392/1000 gallons, which is a 3.2% increase from the CY 2017 rate. At this time, the PWS Committee is recommending that the 3.2% increase be projected for 5 years, and that the projected rate be reevaluated on an annual basis.

The table below indicates the 5-year projected water marketing program variable rate recommended by the PWS Committee, and as included in the 2017 CCDP.

Calendar Year	2017	**2018**	2019	2020	2021	2022
Variable Rate	$0.38	**$0.392**	$0.405	$0.418	$0.431	$0.445
Increase	n/a	**3.2%**	3.2%	3.2%	3.2%	3.2%

The PWS Committee further recommends that a portion of the annual marketing revenue be utilized to pay down debt and to fund reservoir protection and restoration projects as described in the 2017 CCDP.

Based on the PWS Committee action on May 5, 2017, the PWS Committee recommends that the Kansas Water Authority set the CY 2018 Water Marketing variable rate at $0.392/1000 gallons.

Update to Internal Policy Memorandum #11

In recent meetings, the PWS Committee has discussed potential revisions to Internal Policy Memorandum (IPM) #11 which establishes the standing committee on Public Water Supply program operations. Due to the expansion of the capital development plan to include assurance revenue and expenses and the recent development of the Lower Smoky Hill Access District, the Committee has discussed revising the IPM to include the addition of a fourth advisory member representing an Assurance or Access District.

Other minor revisions to the IPM, which was last updated in 2006, includes the addition of the "Water Supply Access District Program" to the list of Public Water Supply programs operated by the Kansas Water Authority/Kansas Water Office include, as stated in the first paragraph of the IPM, along with other minor edits necessary to incorporate these changes.

A copy of the updated IPM #11, as recommended by the PWS Committee is included as an attachment to this memorandum.

The PWS Committee recommends that the Kansas Water Authority approve the revised Internal Policy Memorandum #11, with a revision date of May 17, 2017. The revised IPM adds a fourth advisory member to the Committee representing an Assurance or Access District.

Value of Assurance Storage - Policy Introduction/Discussion

In accordance with the initial Water Marketing Program legislation (1974), all marketing contracts prior to March 17, 1983 are capped at the $0.10 per 1,000 gallon rate. Within the next few years, all of the existing capped rate marketing contracts will be ending. As these contracts end, the marketing customer has the option to reapply for a new marketing contract at the variable marketing rate. Another option for some customers is to become members of the Water Assurance District program by purchasing assurance storage.

Since the initial development of the water assurance district program, there has been only one purchase of additional assurance storage in 2009 in the Marais des Cygnes Assurance District. As the end dates for several of the existing capped rate contracts near, the KWO recognizes the need to review the current statutes and regulations with regard to

potential storage purchases that may be discussed with upcoming marketing customers. At the PWS Committee meeting on April 21, 2017, KWO introduced the policy question regarding how the state values water supply storage. Several potential preliminary scenarios for valuing the state's water supply were discussed, along with a discussion regarding the potential impact that these scenarios could have on the existing water marketing program. It was determined by the Committee that a policy should be developed in order to ensure that the value of storage is based on sound procedure, provides consistency for future purchases, and ensures that the state's public water supply programs are not significantly impacted.

The KWO has had preliminary discussions with legal staff and is committed to developing a comprehensive evaluation of this policy question for future discussion with both the PWS Committee and the KWA.

This report is for information only. No action is needed at this time.

SUMMARY OF CHANGES FROM 2014 WATER MARKETING CAPITAL DEVELOPMENT & STORAGE MAINTENANCE PLAN

- Includes accounting of all revenue and expenses related to the state's water supply storage as follows: Water Marketing Program, Water Assurance Program, Access District Fund, State Water Plan Fund

- Development of Budget Overview document for planning and communication purposes

- Revises flattened marketing rate structure to an annual 3.2% increase for 5-year projection
  - Sets the CY 2018 marketing variable rate to $0.392.
  - Includes revised long-term rate structure for planning purposes

- Reflects formation of Lower Smoky Access District
  - Kanopolis Debt Payoff
  - Revenue from Access District

- Utilizes revised Water Use Projections
  - Revised forecasted water use based on actual use 2012 – 2016
  - Assumes capped rate marketing contracts for Douglas Co. RWD #4 (#77-5) & Douglas Co. RWD #5 (#77-2) ending in 2019 are not renewed

- Proposes modifications to the previous Future Use Storage Call In Schedule as follows:
  - Big Hill - Add incremental call of 7,200 AF in 2024, with remaining call in 2029
  - Hillsdale – Increase 4th incremental call from 3,534 AF to 10,000 AF in 2025

- Proposes multi-year Debt Paydown Schedule utilizing marketing revenue as follows:

Year	Reservoir Storage	Debt Payoff	Total Payoff
2019	Elk City	$ 422,184	$ 1,150,689
	John Redmond	$ 728,505	
2020	Big Hill	$ 964,794	$ 1,208,882
	Council Grove	$ 244,088	
2021	Hillsdale (Orig.)	$ 1,326,123	$ 1,650,528
	Marion	$ 324,405	
2022	Hillsdale #2	$ 2,268,075	$ 2,268,075
2023	Hillsdale #1	$ 2,483,622	$ 2,483,622
2024	Hillsdale #3	$ 3,218,753	$ 3,218,753
2025	Clinton (Orig. & #1)	$ 1,382,955	$ 1,382,955

- Commits to Future Plan Additions, which includes a payoff strategy for the unfunded liability associated with the future use storage at Milford and Perry reservoirs

- Proposes utilizing a portion of marketing revenue for Reservoir Protection & Restoration projects to be identified as part of the Master Plan currently in development (project 5-year total of approximately $900,000)

PUBLIC WATER SUPPLY PROGRAM COMPREHENSIVE CAPITAL DEVELOPMENT PLAN (CCDP) BUDGET OVERVIEW SUMMARY

To date, the KWO has developed and published the *Water Marketing Program Capital Development & Storage Maintenance Plan* which has provided for the long-term planning of future Program needs, including acquisition of all the water supply storage under federal contracts, potential new storage development and protection and restoration of the storage owned by the State. The purpose of this document is to replace the existing *Water Marketing Program Capital Development & Storage Maintenance Plan* by expanding the previously published plan to include all funding sources related to PWS storage acquisition, maintenance and protection.

The "Public Water Supply Program Comprehensive Capital Development Plan Budget Overview" is included as Appendix A of the CCDP. This document indicates the budgeted and projected revenues and expenditures for all funding sources related to the PWS program. Sections 2 and 3 of the CCDP provide additional detail with regard to the revenues and expenses included in the Budget Overview. Other components included as part of the overview are described below.

"***Marketing Revenue for Master Plan***" – The amounts of this funding shown each year are planned to be utilized for paying down existing debt related to state-owned storage (Debt Paydown Funding) and for funding protection and restoration (P&R) projects (Protection & Restoration Funding). The funds are generated from water sales associated with marketing contracts, as well as a portion of Operational Reserve funds transferred from the previous year.

"***Master Plan PWS Capital Fund***" – Included at the bottom of the Budget Overview is a list of the planned P&R projects list by associated funding source. These amounts depend on budgeted funds from all programs that are planned for the implementation of PWS capital projects, and vary in size, cost, and type. The projects planned for the current budget year are shown on the right-hand side of the page as "Master Plan PWS Projects".

The KWO is currently working to develop a "Master Plan" that will include additional detail regarding the P&R activities planned under the CCDP. The P&R projects referenced in the Budget Overview will be based on detail provided in the Master Plan. Examples of P&R projects include streambank stabilization projects and best management practices (BMPs) to reduce sedimentation and improving water quality of the PWS storage at state-owned reservoirs. The CCDP includes a list of the P&R projects planned to be implemented as part of the PWS Capital Fund.

"***Long Term Model Projection Assumptions***" – Listed in the upper right-hand corner of the Budget Overview are the assumptions that have been included in the development of the current CCDP. The assumptions are related to the following major components:

- Assumptions for Water Use Projections – A list of assumptions regarding future water use projections associated with the existing water marketing contracts that were utilized in the development of the current CCDP.
- Assumptions for Call-In Storage and Bonding – As part of the long-term planning related to debt service and future use storage, a call-in schedule has been developed and is included as a table on the Budget Overview page. The assumptions regarding bonding terms for the final calls for the associated future use storage is listed, as included in the development of the CCDP.
- Future Additions to Long-Term Plan – This list includes items for continued development as part of longer-term planning (beyond projections included in Budget Overview). Included in the current list are the Future Use Storage call-ins for Milford and Perry reservoirs, which are not included in the current projections within the marketing program. KWO is continuing to develop a long-term strategy for this unfunded liability.

"***Future Use Storage – Call-In Schedule***" – This table indicates the call-in schedule for the Future Use Storage associated with the reservoirs listed. The table includes the call year, the incremental acre-feet (AF) of future use storage associated with the specific call, and the percent of storage in service. The schedule is part of the assumptions built into the long-term CCDP.

"***Budgeted Debt Paydown***"– This table indicates the planned debt paydown by year that has been incorporated into the current CCDP. The planned debt paydown is indicated by reservoir, and refers to the debt payoff associated with the existing purchase contracts for storage. The storage contracts for reservoirs in which there is future use storage are further indicated as either the original contract amount (not including Future Use Storage purchase), or a number to indicate paying off the debt associated with an incremental call-in of future use storage. The debt paydown schedule is projected based on the CCDP, and depends on the amount of marketing revenue available from the previous year of water sales. For planning purposes, the debt paydown schedule shown on the Budget Overview sheet has been utilized for the development of the water marketing program variable rate schedule as shown.

"***Water Marketing Program Variable Rate***"– This chart indicates the project marketing variable rate based on the current CCDP. By statute, the Kansas Water Authority approves the variable rate for marketing contracts on an annual basis. The Budget Overview sheet will be updated annually based on the approved variable rate for the current calendar year.

"***2018 Revenue Requirements All Programs***"– The pie chart on the Budget Overview sheet indicates the total amount of revenue provided by all programs as included in the CCDP for the indicated year. The chart breaks down the required revenue into the following categories: Total Principal & Interest (P&I), Total Operation & Maintenance (O&M), Administration & Enforcement (A&E), Total Protection & Restoration (P&R), and Debt Paydown.

PUBLIC WATER SUPPLY PROGRAM COMPREHENSIVE CAPITAL DEVELOPMENT PLAN BUDGET OVERVIEW

TOTAL PWS PROGRAM ANNUAL OPERATING BUDGET	2017 BUDGET	2018 PROJECTION	2019 PROJECTION	2020 PROJECTION	2021 PROJECTION	2022 PROJECTION	2023 PROJECTION	2024 PROJECTION
PROGRAM REVENUES:								
Water Marketing Contract Revenue								
Capped Rate Contract Sales	$ 1,615,069	$ 1,132,458	$ 1,133,447	$ 892,988	$ 892,941	$ 835,569	$ 105,569	$ -
Variable Rate Contract Sales	$ 1,706,826	$ 3,680,569	$ 3,832,126	$ 4,956,748	$ 5,155,344	$ 5,631,396	$ 5,849,170	$ 6,469,155
Total Marketing Revenue	$ 3,321,895	$ 4,813,027	$ 4,965,573	$ 5,849,736	$ 6,048,284	$ 6,466,965	$ 5,954,739	$ 6,469,155
Assurance A&E Transfer	$ 95,003	$ 98,803	$ 102,755	$ 106,865	$ 111,140	$ 115,585	$ 120,209	$ 125,017
Operational Reserve Transfer	$ -	$ -	$ 8,023	$ 3,247	$ 2,896	$ 1,399	$ 390,618	$ 6,994
State Water Plan Fund								
O&M Payments to Corps	$ 364,553	$ 353,004	$ 363,000	$ 446,232	$ 452,830	$ 454,005	$ 415,473	$ 402,022
John Redmond Bond Payment	$ 916,550	$ 1,260,426	$ 1,260,426	$ 1,260,426	$ 1,260,426	$ 1,260,426	$ 1,260,426	$ 1,260,426
Tuttle Streambank Stabilization Projects	$ 400,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -
On-Going Statewide Monitoring & Assessment	$ 369,889	$ 463,699	$ 481,282	$ -	$ -	$ -	$ -	$ -
John Redmond Bathymetric & Sediment Monitoring	$ 217,500	$ 100,000	$ 100,000	$ -	$ -	$ -	$ -	$ -
Water Assurance Fund								
P&I Payments to Corps	$ 13,744	$ 13,744	$ 13,744	$ 480	$ -	$ -	$ -	$ -
O&M Payments to Corps	$ 298,540	$ 329,044	$ 496,228	$ 356,577	$ 349,672	$ 361,036	$ 372,267	$ 335,004
Access District Revenue	$ 2,535,791	$ 97,707	$ 131,523	$ 78,132	$ 81,389	$ 82,713	$ 87,269	$ 95,584
TOTAL REVENUES PROVIDED	$ 8,533,465	$ 7,529,455	$ 7,922,554	$ 8,101,695	$ 8,306,637	$ 8,742,130	$ 8,601,000	$ 8,694,203
REVENUE REQUIREMENTS:								
Principal & Interest to Corps								
Water Marketing Fund	$ 1,424,442	$ 1,424,442	$ 1,189,590	$ 1,840,178	$ 1,617,087	$ 1,311,880	$ 977,667	$ 1,725,165
Water Assurance Fund	$ 13,744	$ 13,744	$ 13,744	$ 480	$ -	$ -	$ -	$ -
Access District Fund	$ 43,724	$ 43,724	$ 43,724	$ 43,724	$ 43,724	$ 43,724	$ 43,724	$ 43,724
Total P&I Expense to Corps	$ 1,481,910	$ 1,481,910	$ 1,247,058	$ 1,884,382	$ 1,660,811	$ 1,355,604	$ 1,021,391	$ 1,768,889
Operation & Maintenance to Corps								
Water Marketing Fund	$ 791,106	$ 770,517	$ 1,114,370	$ 995,803	$ 980,823	$ 970,651	$ 880,481	$ 1,027,903
State Water Plan Fund	$ 364,553	$ 353,004	$ 482,809	$ 446,232	$ 452,830	$ 454,005	$ 415,473	$ 402,022
Water Assurance Fund	$ 298,540	$ 329,044	$ 496,228	$ 356,577	$ 349,672	$ 361,036	$ 372,267	$ 335,004
Access District Fund	$ -	$ 38,383	$ 71,574	$ 17,535	$ 20,117	$ 20,739	$ 24,565	$ 32,121
Total O&M Expense to Corps	$ 1,454,199	$ 1,490,948	$ 2,164,982	$ 1,816,146	$ 1,803,442	$ 1,806,432	$ 1,692,785	$ 1,797,050
Administration & Enforcement								
Water Marketing Fund	$ 889,704	$ 947,835	$ 974,187	$ 735,871	$ 764,363	$ 792,855	$ 821,347	$ 849,839
Access District Fund	$ 15,000	$ 15,600	$ 16,224	$ 16,873	$ 17,548	$ 18,250	$ 18,980	$ 19,739
Reservoir Protection & Restoration								
John Redmond Bond Payment								
Water Marketing Fund	$ 756,450	$ 410,324	$ 411,074	$ 414,574	$ 410,574	$ 414,324	$ 410,324	$ 413,824
State Water Plan Fund	$ 916,550	$ 1,260,426	$ 1,260,426	$ 1,260,426	$ 1,260,426	$ 1,260,426	$ 1,260,426	$ 1,260,426
Tuttle Streambank Stabilization Projects	$ 400,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -
On-Going Statewide Monitoring & Assessment	$ 369,889	$ 463,699	$ 481,282	$ -	$ -	$ -	$ -	$ -
John Redmond Bathymetric & Sediment Monitoring	$ 217,500	$100,000	$100,000	$ -	$ -	$ -	$ -	$ -
Operational Reserve Fund Deposits	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
O&M Set-Aside Fund Deposits	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Marketing Revenue for Master Plan	*$ -*	*$ 1,352,996*	*$ 1,380,019*	*$ 1,971,717*	*$ 2,383,205*	*$ 3,089,176*	*$ 3,372,548*	*$ 2,572,819*
Debt Paydown Funding	$ 2,477,067	*$ 1,150,689*	*$ 1,208,882*	*$ 1,650,528*	*$ 2,268,075*	*$ 2,483,622*	*$ 3,218,753*	*$ 1,382,955*
Protection & Restoration Funding	$ -	*$ 200,000*	*$ 55,191*	*$ 320,000*	*$ 120,000*	*$ 220,000*	*$ 150,000*	*$ 650,000*
TOTAL REVENUE REQUIREMENTS	$ 8,978,269	$ 7,521,431	$ 7,919,306	$ 8,098,799	$ 8,305,238	$ 8,351,512	$ 8,594,006	$ 8,142,723
Funds Available for Operational Reserve	$ (444,804)	$ 8,023	$ 3,247	$ 2,896	$ 1,399	$ 390,618	$ 6,994	$ 551,480
MASTER PLAN PWS CAPITAL FUND								
Funding Sources for PWS P&R Projects								
State Water Plan Fund	$ -	$ -	$ -	$ -	$ -	$ -	*$ -*	$ -
Water Marketing Fund	$ -	$ 200,000	$ 55,191	$ 320,000	$ 120,000	$ 220,000	*$ 150,000*	*$ 650,000*
John Redmond Bond Funds for SB Projects	$ 700,000	$ -	$ -	$ -	$ -	$ -	*$ -*	$ -
SRF Loan Funds for SB Projects	$ 1,200,000	$ -	$ -	$ -	$ -	$ -	*$ -*	$ -
TOTAL FUNDS AVAILABLE	$ 1,900,000	$ 200,000	$ 55,191	$ 320,000	$ 120,000	$ 220,000	*$ 150,000*	*$ 650,000*
Master Plan Project Costs (Based on Detailed Project Sheet)	$ 1,900,000	$ 200,000	$ 55,191	$ 320,000	$ 120,000	$ 220,000	*$ 150,000*	*$ 650,000*

LONG TERM MODEL PROJECTION ASSUMPTIONS

Assumptions for Water Use Projections:

* Capped rate contract #80-2 Westar Energy - Jeffrey ends in 2022; assume no contract renewal
* Douglas Co. RWD #4 (#77-5) & Douglas Co. RWD #5 (#77-2) capped rate contracts end in 2019; assume not renewed
* All other current contracts renewed at current quantities and contract terms upon expiration of current contract

Assumptions for Call In Storage and Bonding:

* Call in schedule as shown in table below
* Clinton bonded in 2027, 20 year repayment @ 5%
* Hillsdale bonded in 2031, 20 year repayment @ 5%
* Big Hill bonded in 2029, 20 year repayment @ 5%

Future Additions to Long-Term Plan

* Milford and Perry Future Use not included in current projections within Marketing Program.
* State General Fund appropriations not included in current projections.
* State Water Plan Funds appropriated on two-year budget cycle.

FUTURE USE STORAGE - Call-In Schedule

	BIG HILL RESERVOIR			CLINTON RESERVOIR			HILLSDALE RESERVOIR			MILFORD RESERVOIR			PERRY RESERVOIR		
Calendar Year	AF Call	Total AF	% in Service	AF Call	Total AF	% in Service	AF Call	Total AF	% in Service	AF Call	Total AF	% in Service	AF Call	Total AF	% in Service
2010		9,200	35.80		53,520	60.00		13,250	25.00		101,650	33.88		25,000	16.67
2014							3,533	16,783	31.67						
2020				8,900	62,420	70.00	3,533	20,316	38.33						
2024	7,200	16,400	63.81												
2025							10,000	30,316	57.20						
2027				26,780	89,200	100.00									
2029	9,300	25,700	100.00												
2030							22,684	53,000	100.00						
2034										198,350	300,000	100.00			
2041													125,000	150,000	100.00

2018 MASTER PLAN PWS PROJECTS*

Tuttle SB Stabilization Projects	$ 1,200,000	SRF Loan**
SB Stabilization Sites Above Redmond	$ 700,000	JR Bond
Total P&R Projects	**$ 1,900,000**	

*See Master Plan for detailed project information

**Loan with 100% Principal Forgiveness

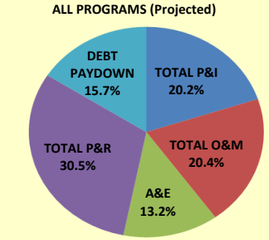
Assumptions for P&R Project Funding

A portion of the Operational Reserve funds will be used for Protection & Restoration projects.

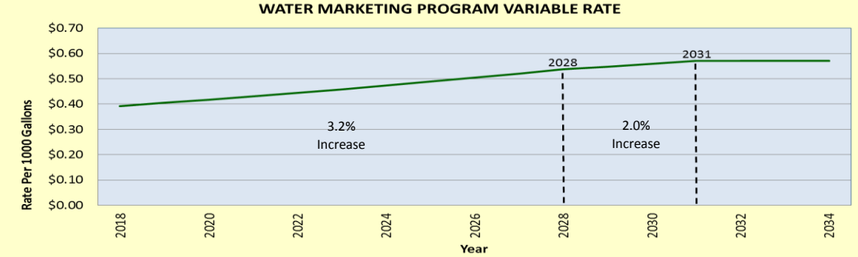
BUDGETED DEBT PAYDOWN (Projected)

Year	Reservoir Storage	Debt Payoff	Total Payoff
2019	Elk City	$ 422,184	$ 1,150,689
	John Redmond	$ 728,505	
2020	Big Hill	$ 964,794	$ 1,208,882
	Council Grove	$ 244,088	
2021	Hillsdale (Orig.)	$ 1,326,123	$ 1,650,528
	Marion	$ 324,405	
2022	Hillsdale #2	$ 2,268,075	$ 2,268,075
2023	Hillsdale #1	$ 2,483,622	$ 2,483,622
2024	Hillsdale #3	$ 3,218,753	$ 3,218,753
2025	Clinton (Orig. & #1)	$ 1,382,955	$ 1,382,955

2018 REVENUE REQUIREMENTS ALL PROGRAMS (Projected)



WATER MARKETING PROGRAM VARIABLE RATE



Calendar Year	2017	2018	2019	2020	2021	2022
Variable Rate	$0.38	**$0.392**	$0.405	$0.418	$0.431	$0.445
% Increase	n/a	**3.2%**	3.2%	3.2%	3.2%	3.2%

*The Water Marketing Program Variable Rate is subject to annual review and approval.

Kansas Water Authority

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Gary Harshberger, Chair

Sam Brownback, Governor

IPM – 11
Revised May 18, 2017

MEMORANDUM OF INTERNAL POLICY

Public Water Supply programs operated by the Kansas Water Authority/Kansas Water Office include: the Water Marketing Program, Water Assurance District Program, Water Supply Access District Program, and Multipurpose Small Lakes Program. Conducting these programs occasionally requires review of operations, findings, and making determinations that are of a complex and technical nature.

To ensure sufficient and effective review of the operations of these programs that provide public water supply in Kansas, the Chairman of the Kansas Water Authority hereby establishes a select committee to be known as the Public Water Supply Committee.

The Public Water Supply Committee will be comprised of members of the Kansas Water Authority as designated by the Chairperson of the Authority.

The Chairperson of the Authority will further designate a Chairperson and Vice-Chairperson of the Public Water Supply Committee.

To ensure input of Water Marketing customers, Assurance district members and others impacted by the water supply programs over which the Authority has oversight responsibility, 4 representatives shall be selected as advisors to the Committee.

Those advisors shall represent:

- Large Public Water Supplier – serving 10,000 or more
- Small Public Water Supplier – serving less than 10,000
- Industrial Customer
- Assurance or Access District

Advisors to the Public Water Supply Committee will be selected by the Chairperson of the Kansas Water Authority from a list of interested and recommended candidates. The Kansas Water Office will solicit letters of interest from current Water Marketing customers and Assurance and Access district members from individuals interested in serving as representatives to the Committee. The Kansas Water Office will then provide the list of names and qualifications to the Chairperson of the Authority for consideration, along with recommendations. Selections should consider representation, geographic diversity, experience and any other relevant considerations.

Advisors to the Committee should not include Kansas Water Authority members.

Terms for each advisor to the Committee will be three years. Selected candidates will serve as advisors to the Public Water Supply Committee and will not have voting or motion-making privileges.

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Gary Harshberger, Chair

Sam Brownback, Governor

The Public Water Supply Committee shall meet semiannually to discuss program rate setting and policy considerations. Additional meetings may be held at the discretion of the Chairperson of the Committee or the Authority as needed.

The Director of the Kansas Water Office will designate an individual as the primary staff contact person for this committee.

Date: _____

_____
Gary Harshberger, Chairperson
Kansas Water Authority

MEMO

Kansas Water Office
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DATE: May 8, 2017
TO: Kansas Water Authority
FROM: Ginger Harper
RE: 2017 Legislative Session Update

The 2017 Legislative Session has conveniened for the Veto Session, and we are awaiting the final budget and appropriations recommendations from the House and Senate. Many of you know that water has definitely been a talked-about issue this year, and much of that is due to the engagement each of you have had with the legislators and decision makers. Thank you again for your efforts.

The House Water and Environment Committee ended their regular committee work with the recommendation of funding items for a potential SGF/EDIF allocation. KWO provided a list of potential funding items on behalf of the Kansas Water Authority, as did many other stakeholders and agencies. The list that was forwarded to House Leadership from Chairman Sloan had some of the KWA items on it, and others that were not prioritized by KWA. This list, divided into three "Tiers" of funding priorities, is attached to this memo. The Senate Ways and Means Committee also had detailed discussion on budget priorities within KWO, KDHE-Bureau of Water, and KDA-Division of Water Resources.

The conversation about funding and the sustainability of the SWPF as currently structured has been discussed throughout the session. The following statement is what Senator McGinn and Senator Hawk added to the report out from the Senate Ways and Means Subcommittee on Water: "The Subcommittee is concerned about how the state approaches funding for water projects. The fees that fund the State Water Plan Fund were established as a partnership, and the state has not fulfilled its share of the partnership – statutory transfers from the State General Fund ($6.0 million annually) and the Economic Development Initiatives Fund ($2.0 million annually). Relying solely on fees for funding water projects also ensures that funding is in part dependent on adverse weather conditions. Beneficiaries of water projects should not have to hope for a drought in order to receive funding for those projects. The state should find a way to fulfill its statutory obligation to the State Water Plan Fund."

In an effort to continue the conversation, and provide important background information to legislators, KWO hosted two "Lunch and Learn" sessions. 20 legislators came over for lunch and a briefing by KWO, KDHE, and KDA staff. We hope to expand this opportunity next session.

Throughout the session, KWO responded to many legislative requests from committees and individual legislators. Many of these documents are attached to this memo for your information and review.

2017 Legislative Information (Attached)

1. House Water & Environment Committee Funding "Tier" Recommendations
2. Maps of SWPF Revenue and Expenditures
3. State Water Plan Fund Receipts Actuals & Estimates, FY1991 - FY2019
4. Water Use (Acre-Feet) in Kansas, 2011-2015 & 5-year Average
5. Beneficial Uses of Water – Definitions and Use
6. Examples of Current Costs for Various Water User Groups
7. 2017 KWO Agency Overview
8. History of SGF-EDIF Transfer

We will continue to engage in discussions with legislators as the session draws to a close. If you have any questions, please let me know. Thank you again for your willingness to educate legislators about the importance of the water resource in Kansas.

This item is information only. No action required.

MEMO

Kansas Water Office
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Topeka, KS 66612
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DATE: May 4th, 2017
TO: Kansas Water Authority
FROM: Katie Mitchell
RE: Summary of SWPF Budget FY2018 & FY2019 Governors Recommendations

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During the current session, the legislature continues to discuss the budget for next fiscal year (FY2018) and the following fiscal year (FY2019). This budget included appropriations from the State Water Plan Fund. As such, the Kansas Water Authority does not need to make budget recommendations for the upcoming session on the base State Water Plan Fund.

Attached is the SWPF spreadsheet that shows actual FY2016 revenue and expenditures, appropriated FY2017 and Governor Recommendations for FY2018 and FY2019 amounts. The recommendation of the Senate Ways and Means and Appropriation Committee is to adopt the Governor's Budget on State Water Plan Fund.

For your reference, the following table contains projects and programs discussed and recommended in the 2017 Annual Report.

Additional Funding Requests Kansas Water Authority 2017 Annual Report requests restoration of the State General Fund and Economic Development Initiatives Fund demands transfer in FY2018. The proceeds of that restoration are recommended with the following FY2018 appropriations to implement projects to support the Long-Term Vision for the Future of Water Supply in Kansas.		
		Cumulative
Streambank stabilization #1	$2,000,000	$2,000,000
Irrigation Technology Adoption	$1,532,363	$3,532,363
Watershed BMP Implementation	$2,000,000	$5,532,363
Less Water Intensive Crop Research	$500,000	$6,032,363
Securing Interstate Waters Study	$200,000	$6,232,363
Shortfall	$1,767,637	$8,000,000
Additional Funding Request	**$8,000,000**	

State Water Plan Fund

Agency/Program	Actuals FY2016	FY2016 Carry Forward	FY2017 Appropriated	FY2017 w/Carry Forward	FY2018 Gov Rec	FY2019 Gov Rec
Department of Health and Environment						
Contamination Remediation-1802	$ 687,142	$ -	$ 688,301	$ 687,575	$ 600,665	$ 685,461
TMDL Initiatives-1805	$ 336,898	$ 2,000	$ 276,307	$ 278,013	$ 215,241	$ 275,158
Nonpoint Source Program-1804	$ 294,234	$ 5,788	$ 298,980	$ 304,096	$ 236,548	$ 296,359
Watershed Restoration and Protection Strategy	$ 555,884	$ -	$ 555,884	$ 555,884	$ 555,000	$ 555,884
Total--Department of Health and Environment	**$ 1,874,158**	**$ 7,788**	**$ 1,819,472**	**$ 1,825,568**	**$ 1,607,454**	**$ 1,812,862**
University of Kansas--Geological Survey	**$ 26,841**	**$ 26,841**	**$ 26,841**	**$ 26,841**	**$ 26,841**	**$ 26,841**
Department of Agriculture						
Interstate Water Issues-0070	$ 488,920	$ 52,259	$ 437,466	$ 488,995	$ 385,369	$ 482,543
Subbasin Water Resources Management-80	$ 976,949	$ 302,887	$ 610,808	$ 912,673	$ 404,003	$ 603,895
Water Use-75	$ 30,000	$ 109,943	$ 53,355	$ 163,298	$ 64,368	$ 72,600
Water Resources Cost Share-1205	$ 1,930,852	$ 174,376	$ 1,948,289	$ 2,122,665	$ 1,727,387	$ 1,948,289
Nonpoint Source Pollution Asst.-1210	$ 2,035,689	$ 136,315	$ 1,858,350	$ 1,994,463	$ 1,502,429	$ 1,857,200
Aid to Conservation Districts-1220	$ 2,101,294	$ -	$ 2,092,637	$ 2,092,637	$ 2,000,000	$ 2,092,637
Watershed Dam Construction-1240	$ 619,463	$ -	$ 576,434	$ 576,434	$ 511,076	$ 550,000
Water Quality Buffer Initiative-1250	$ 201,419	$ 107,109	$ 249,792	$ 356,901	$ 88,662	$ 200,000
Riparian and Wetland Program-1260	$ 154,827	$ 6,444	$ 152,651	$ 159,095	$ 135,343	$ 152,651
Water Supply Restoration Program-1275	$ 235,000	$ 23,156	$ 258,156	$ 281,312	$ -	$ -
Water Transition Assistance Program/CREP	$ 465,380	$ 249,686	$ -	$ 249,423	$ 176,312	$ 198,496
	$ 9,239,792	**$ 1,162,176**	**$ 8,237,938**	**$ 9,397,896**	**$ 6,994,949**	**$ 8,158,311**
Kansas Water Office						
Assessment and Evaluation	$ 530,213	$ 129,030	$ 510,725	$ 639,755	$ 500,000	$ 450,000
GIS Database Development	$ 112,306	$ -	$ 112,306	$ 112,306	$ 50,000	$ -
MOU - Storage Operations & Maintenance	$ 301,374	$ -	$ 289,889	$ 289,889	$ 363,699	$ 350,000
Stream Gaging	$ 431,282	$ -	$ 431,282	$ 431,282	$ 350,000	$ 431,282
Technical Assistance to Water Users	$ 380,709	$ 122,064	$ 364,238	$ 486,302	$ 325,000	$ 325,000
Irrigation Technology/Farm						
Alternative Crop Research						
Watershed BMP Implementation						
Streambank Stabilization	$ 400,000	$ -	$ 400,000	$ 400,000		$ -
Total--Kansas Water Office	**$ 2,155,884**	**$ 251,094**	**$ 2,108,440**	**$ 2,359,534**	**$ 1,588,699**	**$ 1,556,282**
Total State Water Plan Expenditures	**$ 13,296,675**	**$ 1,447,899**	**$ 12,192,691**	**$ 13,609,839**	**$ 10,217,943**	**$ 11,554,296**

State Water Plan Resource Estimate	Actuals FY2016	FY2016 Carry Forward	FY2017 Appropriated	Revenue Estimate FY2017 w/Carry Forward	FY2018 Gov Rec	FY2019 Gov Rec
Beginning Balance	**$ 3,123,158**	$ -	$ -	$ 582,946	$ 3,910	$ 40,267
Adjustments						
Release of Prior Year Encumbrance	$ 452,858	-	$ -			
Reduced Resources						
Other Service Charges	$ 27,892		$ 27,892	$ 27,892	$ 27,892	$ 27,892
Transfers to SGF - John Redmond Bond	$ (1,488,452)	$ -	$ (916,550)	$ (916,550)	$ (1,260,426)	$ (1,260,426)
Subtotal--Adjustments	**$ (1,007,702)**	**$ -**	**$ (888,658)**	**$ (888,658)**	**$ (1,232,534)**	**$ (1,232,534)**
Revenues						
State General Fund Transfer	$ -					
Economic Development Fund Transfer	$ -					
Municipal Water Fees	$ 2,962,911		$ 3,509,018	$ 3,509,018	$ 2,838,217	$ 3,267,271
Clean Drinking Water Fee Fund	$ 2,658,398		$ 3,531,723	$ 3,531,723	$ 2,539,046	$ 2,820,674
Industrial Water Fees	$ 934,928		$ 1,212,943	$ 1,212,943	$ 934,928	$ 1,120,701
Stock Water Fees	$ 415,975		$ 425,921	$ 425,921	$ 415,975	$ 464,256
Pesticide Registration Fees	$ 1,334,523		$ 1,336,353	$ 1,336,353	$ 1,334,523	$ 1,334,523
Fertilizer Registration Fees	$ 3,294,145		$ 3,554,503	$ 3,554,503	$ 3,224,145	$ 3,568,921
Pollution Fines and Penalties	$ 118,651		$ 250,000	$ 250,000	$ 155,000	$ 165,000
Sand Royalties	$ 44,634		$ 99,000	$ 99,000	$ 45,000	$ 45,000
Total Receipts	**$ 11,764,166**		**$ 13,919,461**	**$ 13,919,461**	**$ 11,486,834**	**$ 12,786,346**
Total Available	$ 13,879,621	$ -	$ 13,030,803	$ 13,613,749	$ 10,258,210	$ 11,594,079
Less: Expenditures	$ 13,296,675	$ -	$ 12,192,691	$ 13,609,839	$ 10,217,943	$ 11,554,296
Ending Balance	**$ 582,946**	**$ -**	**$ 838,112**	**$ 3,910**	**$ 40,267**	**$ 39,783**

MEMO

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DATE: May 8, 2017
TO: Kansas Water Authority
FROM: Earl Lewis
RE: Water Research Coordination

Recently there has been considerable interest and discussion about the role of water research in decision making and coordination of activities. No action is being sought at this time.

2017 House Water and Environment Committee

During the current legislative session, HB 2272 was introduced in the House Committee on Water and the Environment which would have created the Kansas Water Collaborative. The mission of the collaborative in the bill was:

> "To ensure that state agencies maximize the value of agency actions for the state of Kansas and its water resources through collaborative strategic thinking, resource allocation and data-driven decision making."

Much of the activities of the collaborative centered on data, research and insuring that research was included fully in decision making. While there was some support for the measure, it was not enough to pass out of committee.

Substitute language was introduced (House Sub. For HB 2272) which would create a science and research subcommittee of the Kansas Water Authority. This bill passed the full Kansas House of Representatives. No hearing has been scheduled on the Senate side to date. The bill as it passed the House is attached.

The members of the Kansas Water Authority Science and Research Subcommittee would include the Dean of the College of Agriculture at Kansas State University, the Director of the Kansas Geological Survey and the Director of the Kansas Biological Survey or their designees.

Long Term Vision for the Future of Water Supply in Kansas

The Long Term Vision for the Future of Water Supply in Kansas has a number of research related questions and topics. Coordination of those questions was also addressed in the Vision with an action to:

> "Annually coordinate with university researchers regarding the Vision for the Future of Water Supply in Kansas to ensure future collaborative research supports the successful implementation of the Vision"

Water Office staff have convened regular meetings with representatives of K-State Research and Extension, Kansas Geological Survey, Kansas Biological Survey, the University of Kansas, U.S. Geological Survey, Kansas Department of Agriculture, and Kansas Department of Health and Environment to implement the Vision research coordination. Current activities include identifying:

- Recent and historic research
- Faculty and staff involved in water related research
- Infrastructure and other needs to carry out research efforts
- Potential sources of federal or private foundation funding

A coordination event is being scheduled for August 15, 2017 in Topeka.

Kansas Water Resources Research Institute

Established by the U.S. Congress with passage of the Water Resources Research Act in 1964, the water resources research institute program provides support for one institute at the land grant university in each state, plus 3 territories and the District of Columbia. Congress reauthorized the Act in 1984 with amendments and, most recently, in 2006, in PL 109-471. The State Water Resources Research Institute (WRRI) Program is a Federal-State partnership which:

- Plans, facilitates, and conducts research to aid in the resolution of State and regional water problems
- Promotes technology transfer and the dissemination and application of research results
- Provides for the training of scientists and engineers through their participation in research
- Provides for competitive grants to be awarded under the Water Resources Research Act

At the federal level, the program is administered through the U.S. Geological Survey with a grant program intended to encourage the above-listed goals . The enabling federal statute indicates that the water resources research institute for a given state is established at a land grant institution. In Kansas, the research institute is established at Kansas State University as the Kansas Water Resources Institute (KWRI) and is administered under the umbrella of the Kansas Center for Agricultural Resources and the Environment (KCARE).

Current members of the KWRI Board include K-State Research and Extension, Kansas State College of Agriculture, Kansas Geological Survey, Kansas Biological Survey, KU Department of Civil Engineering, U.S. Geological Survey, Kansas Water Office, Kansas Department of Agriculture, Kansas Department of Health and Environment, and Emporia State University.

Summary

While no action is requested at this time, there are a few questions the Authority should discuss regarding research coordination.

1. What is the appropriate role of data and research in decision making?
2. Is that role being effectively filled with the current arrangements?
3. Is it clear to others how the Kansas Water Authority uses research?
4. How do we best insure that efforts in state-wide research coordination are not duplicated?
5. Should there be a science and research committee of the Authority?

No action is needed at this time. Information is provided for discussion purposes only.

Substitute for HOUSE BILL No. 2272

By Committee on Water and Environment

2-17

AN ACT concerning water; creating the Kansas water authority science and research subcommittee.

Be it enacted by the Legislature of the State of Kansas:

Section 1. (a) There is hereby established the Kansas water authority science and research subcommittee that shall be composed of three members as follows:

(1) The dean of the college of agriculture at Kansas state university or the dean's designee;

(2) the director of the Kansas geological survey or the director's designee; and

(3) the director of the Kansas biological survey or the director's designee.

(b) The Kansas water authority science and research subcommittee shall:

(1) Recommend research priorities and necessary funding levels for such research that will better determine the causes of ground water and surface water sustainability and water quality problems and alternative water sources;

(2) scientifically evaluate the effectiveness and cost-effectiveness of state water plan- funded projects and programs;

(3) recommend re-prioritization of state water plan-funded projects and programs, if necessary, and recommend funding levels that would be necessary to carry out such projects and programs; and

(4) provide an annual report to the state water authority and the governor on or before August 1 of each year that includes the results of scientific research, project and program evaluations, and funding level requirements to continue the scientific assessments and the state water plan-funded projects and programs.

Sec. 2. This act shall take effect and be in force from and after its publication in the statute book.