

MEMO



DATE: December 8, 2020
TO: Kansas Water Authority
FROM: John Bailey, Chair, Public Water Supply Committee
Nathan Westrup
RE: Public Water Supply Committee Update

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Item Proposed for Action:

- Consider approval of the 2021 Surplus Water Report

Surplus Water Available in Water Marketing Program Lakes, Calendar Year 2021 (Surplus Water Report)

Approval of this report by the KWA gives the Director the permission to enter into contracts for water considered to be surplus during the calendar year. The Calendar Year (CY) 2021 Surplus Report includes the changes made annually to the report, with a few additional updates as noted below. Kansas Water Office staff provided the draft 2021 Surplus Water Report to the Committee at the Dec. 8th meeting for review. The draft report is included in the mailing materials.

The other changes include:

- Storage and yield estimates recalculated based on new sediment surveys for two reservoirs.
- Updated yield models for Marion, Tuttle Creek, and Perry reservoirs.

The Public Water Supply Committee recommends the Kansas Water Authority approve the Surplus Water Available in Water Marketing Program Lakes, Calendar Year 2021 report and authorize the Director to enter into surplus water supply contracts for water defined to be surplus by the report.

Water Marketing Program debt refinancing update

The Committee was advised on information provided to KWO on the status of the Water Marketing Program debt analysis. In total, the State of Kansas has approximately \$138 million in debt for water supply storage purchase contracts at Hillsdale, Clinton, Big Hill, Perry, and Milford reservoirs. Hillsdale, Clinton, and Big Hill are viewed as Water Marketing Program debt which represent about \$84 million. The KWO has been evaluating the possibility of issuing bonds to refinance a portion of this debt at a lower interest rate. More than \$50 million of the debt has been identified as eligible for refinancing and the Kansas Development Finance Authority (K DFA) is assisting the KWO in this process. The current bond market is favorable and the KWO plans to continue to pursue this initiative, as it could lessen the increase of the rate to customers and improve the Water Marketing Program financial health.

Jim MacMurray, of K DFA, attended the committee meeting to answer questions about the process of issuing bonds and provide professional guidance. The committee requested Jim's attendance at the full KWA meeting on December 11th, to which Mr. MacMurray agreed.

Included in the discussion was the potential benefit of the KWA providing a statement of support to this effort. This may help navigate the process of State General Bond backed bonds.