

NEOSHO RAC MEETING

April 25, 2023

Kelley Hall, Burlington, KS

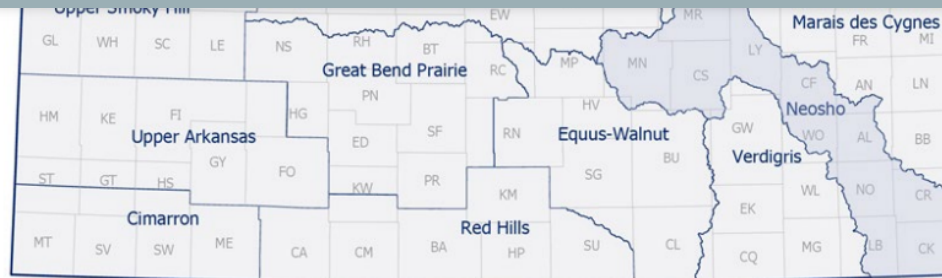


AGENDA DETAILS

- **Welcome**
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- **Approval of Agenda**
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- **Neosho Region Water Supply Overview – Nathan Westrup (KWO)**
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- **Adjournment**

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ROLL CALL



Members with Current Terms			
Name	City	Category	Term
Wes Fleming (Chair)	Burlington, KS	Industry/Commerce (cc)	2023
Lisa Suderman (Vice-chair)	Hillsboro, KS	WRAPS	2023
Brian Obermeyer	Cottonwood Falls, KS	Conservation/Environment 2	2023
Dean Grant	Emporia, KS	Water Assurance District	2023
James Triplett	Pittsburg, KS	Conservation/Environment (cc)	2025
Jay Byers	Pittsburg, KS	At Large Public (cc)	2025
Joe Buchanan	Council Grove, KS	Public Water Supply (cc)	2025
Dale Strickler	Iola, KS	Agriculture 2	2025
Susan Hague	Cedar Point, KS	Agriculture (cc)	2025
Tisha Conard Richardson	Wilsey, KS	At Large Public 2	2023
Vacant		Industry/Commerce 2	2025
Vacant		At Large Public 3	2023
Vacant		Ranching/Grazing	2023

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MEMO



Water Office
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Topeka, KS 66612
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www.kwo.ks.gov

DATE: April 12, 2023
TO: Kansas Water Authority
FROM: Mike Armstrong, Victoria Potts & Matt Unruh
RE: KWA Budget Committee & Legislative Update

The Kansas Water Authority Budget Committee met via Zoom on April 11, 2023. Topics of discussion included the following items:

- Legislative Update – Summary of Senate Sub. For HB 2302 & FY 2024 Appropriations
- Kansas Water Plan Budget Guidelines
- FY 2025 SWPF Budget Recommendation Development Process

Summary of Senate Sub. For HB 2302

Senate Sub. For HB 2302 makes changes to the funding mechanism for the State Water Plan Fund, establishes 2 new grant programs under the Kansas Water Office, and makes appropriations related to paying off water supply storage debt associated with Milford Lake and Perry Lake.

State Water Plan Fund

Current law transfers \$6.0 million from the State General Fund and \$2.0 million from the Economic Development Initiatives Fund to the State Water Plan Fund annually. The State Water Plan Fund also receives approximately \$13.0 million in fees and fines. Senate Sub. For HB 2302 makes the following adjustments to the State Water Plan Fund:

- Transfers an additional \$35.0 million from the State General Fund to the State Water Plan Fund;
- Transfers \$5.0 million from the State Water Plan Fund to the new Water Technical Assistance Fund; and
- Transfers \$12.0 million from the State Water Plan Fund to the new Water Projects Grant Fund.

**Note: The existing \$8.0 million transfers and fee revenue remains the same*

FY 2024 SWPF Estimate (Current vs. HB 2302)	Current	HB 2302
Revenue		
Beginning Balance	\$ 2,440,115	\$ 2,440,115
Fees and Fines Est	\$ 13,025,027	\$ 13,025,027
SGF/EDIF Transfer	\$ 8,000,000	\$ 8,000,000
Sales Tax Estimate	\$ -	\$ -
Additional SGF Transfer	\$ -	\$ 35,000,000
Total Available	\$ 23,465,142	\$ 58,465,142
Transfers		
Water Technical Assistance Fund	\$ -	\$ 5,000,000
Water Projects Grant Fund	\$ -	\$ 12,000,000
Reservoir Payoff	\$ -	\$ -
Total Transfers out of SWPF	\$ -	\$ 17,000,000
Net Available SWPF	\$ 23,465,142	\$ 41,465,142
Current FY 2024 SWPF Appropriations	\$ 22,546,399	\$ 22,546,399
Unbudgeted Balance	\$ 918,743	\$ 18,918,743

Kansas Water Authority Budget Recommendation Guidelines

Senate Sub. For HB 2302 creates some guidelines for the Kansas Water Authority (KWA) when making State Water Plan Fund budget recommendations:



- The KWA will encourage the creation of grant programs for stockwatering conservation projects and such grant programs shall prioritize the use of stockwater fees allocated to the State Water Plan Fund;
- The KWA will encourage funding requests from state and local entities that cooperate with qualified non-profit entities;
- The bill allows the KWA to recommend up to 10% of the unencumbered balance of the SWPF to be used to supplement existing salaries or fund new FTE positions created to implement the Kansas Water Plan; and
- The bill allows the KWA to recommend funds if at least two conservation districts present a joint proposal for a position or positions to provide shared services to those districts. Funds may be used to supplement the salaries of those positions.

Grant Programs

Senate Sub. For HB 2302 establishes 2 new grant programs under the Kansas Water Office. The Water Technical Assistance Fund is to be used to provide grants for the planning, engineering, managing, or other technical assistance in the development of plans for water infrastructure projects or for processing the grant and loan applications for such water infrastructure projects. Any municipality or special district related to water may apply for the grants. Municipalities with fewer than 2,000 residents would be prioritized in the awarding of grants.

Senate Sub. For HB 2302 also establishes the Water Project Grants Fund. Municipalities or special districts related to water will use the grants for:

- Construction, repair, maintenance, or replacement of water-related infrastructure;
- Matching moneys for grant or loan applications for water-related infrastructure projects; and
- Grants that could be applied to an outstanding loan balance from the existing Public Water Supply Loan Fund or Kansas Pollution Control Revolving Fund.

Water Supply Storage Debt

Senate Sub. For HB 2302 appropriates \$52.0 million from the State General Fund to the new Water Supply Storage Debt Payment for Milford and Perry Account in the Office of the State Treasurer. These funds will be invested by either the State Treasurer or the Pooled Money Investment Board in U.S. Treasury bills until the interest rate for the bills is equal or less than the interest rate for the debt payments. At that time, the State Treasurer would use the funds to pay off the water supply storage debt associated with Milford Lake and Perry Lake.

The bill also allows the State Finance Council to authorize the State Treasurer to immediately pay off the debt if the Director of the Water Office determines there is a need to call the water into service.

State Water Plan Fund

Kansas Water Authority FY2024 Budget Recommendations

EXPENDITURES	FY2024 KWA/Agency Base Budget Recs	FY2024 KWA/Agency Enhancement Recs	FY2024 KWA/Agency Recs Full Restoration SGF/IEDIF	FY2024 GOV Recs	Legislative Changes	Updated FY2024 Recs
Department of Health and Environment						
Contamination Remediation	\$ 1,095,978		\$ 1,095,978	\$ 1,095,978		\$ 1,095,978
Nonpoint Source Program	\$ 414,893		\$ 414,893	\$ 414,893		\$ 414,893
TMDL Initiatives	\$ 384,916		\$ 384,916	\$ 384,916		\$ 384,916
Harmful Algae Bloom Pilot	\$ 150,547		\$ 150,547	\$ 150,547		\$ 150,547
Watershed Restoration/Protection (WRAPS)	\$ 1,000,000		\$ 1,000,000	\$ 1,000,000		\$ 1,000,000
Drinking Water Protection Program	\$ 800,000		\$ 800,000	\$ 800,000		\$ 800,000
NEW: LEPP		\$ 250,000	\$ 250,000	\$ 250,000		\$ 250,000
NEW: Surface Water Trash Removal		\$ 50,000	\$ 50,000	\$ 50,000		\$ 50,000
SUBTOTAL--KDHE	\$ 3,846,334	\$ 300,000	\$ 4,146,334	\$ 4,146,334		\$ 4,146,334
Department of Agriculture						
Interstate Water Issues	\$ 514,664		\$ 514,664	\$ 514,664		\$ 514,664
Subbasin Water Resources Management	\$ 650,174		\$ 650,174	\$ 650,174		\$ 650,174
Water Use	\$ 100,000		\$ 100,000	\$ 100,000		\$ 100,000
Water Resources Cost Share	\$ 2,768,956	\$ 65,758	\$ 2,834,714	\$ 2,768,956	\$ 65,758	\$ 2,834,714
Nonpoint Source Pollution Asst.	\$ 1,863,636		\$ 1,863,636	\$ 1,863,636		\$ 1,863,636
Aid to Conservation Districts	\$ 2,502,706		\$ 2,502,706	\$ 2,502,706		\$ 2,502,706
Watershed Dam Construction	\$ 550,000	\$ 100,000	\$ 650,000	\$ 650,000		\$ 650,000
Water Quality Buffer Initiative	\$ -		\$ -	\$ -		\$ -
Riparian and Wetland Program	\$ 154,024		\$ 154,024	\$ 154,024		\$ 154,024
Water Transition Assistance Program/CREP	\$ 550,727	\$ 100,000	\$ 650,727	\$ 550,727		\$ 550,727
Irrigation Technology	\$ 350,000	\$ 200,000	\$ 550,000	\$ 550,000		\$ 550,000
Crop and Livestock Research	\$ 250,000	\$ 100,000	\$ 350,000	\$ 350,000		\$ 350,000
Soil Health	\$ 200,000	\$ 200,000	\$ 400,000	\$ 200,000	\$ 200,000	\$ 400,000
Streambank Stabilization	\$ 750,000	\$ 100,000	\$ 850,000	\$ 750,000		\$ 750,000
SUBTOTAL--KDA	\$ 11,204,887	\$ 865,758	\$ 12,070,645	\$ 11,604,887	\$ 265,758	\$ 11,870,645
Kansas Water Office						
Assessment and Evaluation	\$ 834,078		\$ 834,078	\$ 834,078		\$ 834,078
MOU - Storage Operations & Maintenance	\$ 736,160		\$ 736,160	\$ 736,160		\$ 736,160
Stream Gaging	\$ 448,708		\$ 448,708	\$ 448,708		\$ 448,708
Technical Assistance to Water Users	\$ 425,000		\$ 425,000	\$ 425,000		\$ 425,000
Reservoir and Water Quality Research	\$ 450,000		\$ 450,000	\$ 450,000		\$ 450,000
Water Quality Partnerships	\$ 434,176	\$ 450,000	\$ 884,176	\$ 884,176		\$ 884,176
KS Water Plan Education & Outreach Strategy	\$ 250,000		\$ 250,000	\$ 250,000		\$ 250,000
High Plains Aquifer Partnerships	\$ 400,000	\$ 450,000	\$ 850,000	\$ 850,000		\$ 850,000
Kansas Reservoir Protection Initiative	\$ 1,000,000		\$ 1,000,000	\$ 1,000,000		\$ 1,000,000
Equus Beds Chloride Plume Remediation Project	\$ 50,000		\$ 50,000	\$ 50,000		\$ 50,000
Flood Response Study	\$ 200,000		\$ 200,000	\$ 200,000		\$ 200,000
Arbuckle Study	\$ 150,000		\$ 150,000	\$ 150,000		\$ 150,000
Water Injection Dredging (WID)	\$ -		\$ -	\$ -		\$ -
SUBTOTAL--KWO	\$ 5,378,122	\$ 900,000	\$ 6,278,122	\$ 6,278,122		\$ 6,278,122
Department of Wildlife & Parks						
Aquatic Nuisance Species (ANS) Program	\$ 224,457		\$ 224,457	\$ 224,457		\$ 224,457
University of Kansas--Geological Survey	\$ 26,841	\$ 113,159	\$ 140,000	\$ 26,841		\$ 26,841
FY2024 Pay Plan				\$ 80,742	\$ (80,742)	\$ -
Total State Water Plan Expenditures	\$ 20,680,641	\$ 2,178,917	\$ 22,859,558	\$ 22,361,383	\$ 185,016	\$ 22,546,399

State Water Plan Fund

Kansas Water Authority FY2024 Budget Recommendations

REVENUE	FY2024 KWA/Agency Budget Recs (Full Rest.)	FY2024 DOB Recommendations	FY2024 GOV Recommendations	Updated FY2024 Recs (Legislative Changes)
Beginning Balance	\$ 2,440,115	2,440,115	\$ 2,440,115	\$ 2,440,115
Transfers and Adjustments				
State General Fund Transfer	\$ 6,000,000	6,000,000	\$ 6,000,000	\$ 6,000,000
Economic Development Fund Transfer	\$ 2,000,000	2,000,000	\$ 2,000,000	\$ 2,000,000
Release of Prior Year Encumbrance	\$ -		\$ -	\$ -
Other Service Charges	\$ 50,000	50,000	\$ 50,000	\$ 50,000
SUBTOTAL--Adjustments	\$ 8,050,000	8,050,000	\$ 8,050,000	\$ 8,050,000
Receipts				
Municipal Water Fees	\$ 3,189,304	3,189,304	\$ 3,189,304	\$ 3,189,304
Clean Drinking Water Fee Fund	\$ 2,872,301	2,872,301	\$ 2,872,301	\$ 2,872,301
Industrial Water Fees	\$ 850,000	850,000	\$ 850,000	\$ 850,000
Stock Water Fees	\$ 439,609	439,609	\$ 439,609	\$ 439,609
Pesticide Registration Fees	\$ 1,488,892	1,488,892	\$ 1,488,892	\$ 1,488,892
Fertilizer Registration Fees	\$ 4,049,921	4,049,921	\$ 4,049,921	\$ 4,049,921
Pollution Fines and Penalties	\$ 70,000	70,000	\$ 70,000	\$ 70,000
Sand Royalties	\$ 15,000	15,000	\$ 15,000	\$ 15,000
SUBTOTAL--Receipts	\$ 12,975,027	12,975,027	\$ 12,975,027	\$ 12,975,027
Total Available	\$ 23,465,142	23,465,142	\$ 23,465,142	\$ 23,465,142
Less: Expenditures	\$ 22,859,558	20,680,641	\$ 22,361,383	\$ 22,546,399
Ending Balance	\$ 605,584	2,784,501	\$ 1,103,759	\$ 918,743

HB 2279 requires groundwater management districts (GMDs) to submit annual reports to the Legislature and conservation and stabilization action plans to the Chief Engineer.

Annual Report

HB 2279 requires each GMD board to submit a written report on the budget, finances, and activities of the GMD to the House Water Committee, House Agriculture and Natural Resources Committee, and the Senate Agriculture and Natural Resources Committee by January 25 of each year. The bill requires each GMD to publish the annual report on its website. The annual report includes:

- An itemized list of all income and the source of the income;
- An itemized list of all expenditures by the GMD board;
- An accounting of all assets held by the GMD board;
- The most recent approved audit;
- The budget adopted for the current year;
- A detailed description of the activities of the GMD; and
- A detailed statement explaining how the expenditure of the GMD board serve to further the conservation and reduced consumptive use of groundwater, the prevention of economic deterioration, and the stabilization of agriculture in the district.

Conservation and Stabilization Action Plan

HB 2279 requires each GMD board to identify all priority areas of concern within the district and set reasonable boundaries for those areas using Kansas Geological Survey data by July 1, 2024. Other sources of data may be used if approved by the Chief Engineer. The bill defines priority areas of concern to include areas where:

- The estimated usable lifetime of groundwater is 50 years or less or a similar measure of future water availability can be determined based on local water use and water level data; or
- An unreasonable deterioration of the quality of groundwater is occurring.

Priority areas of concern also includes areas where:

- Groundwater levels are declining or have declined excessively;
- The rate of withdrawal of groundwater equals or exceeds the rate of recharge;
- Preventable waste of water is occurring or may occur;
- An unreasonable deterioration of the quality of groundwater may occur; or

- Other areas identified by the GMD board and approved by the Chief Engineer.

The bill requires the GMD board to submit a report to the Chief Engineer after the priority areas of concern are identified. The report will include:

- The priority areas of concern;
- The nature of such concerns; and
- How the areas were identified and developed.

The bill requires each GMD board to conduct public education and outreach in each priority area so the GMD board can develop an action plan to reasonably address the identified concerns in each area based on input from water right owners and users in the area. The bill requires the action plan to be submitted to the Chief Engineer by July 1, 2026. The Chief Engineer has up to 90 days to review the action plan and identified areas of concern. After review by the Chief Engineer, each GMD board will implement the action plan as soon as practicable and incorporate the action plan and priority areas into the GMD's management program at the next annual review.

The bill requires each GMD board to review, at least every five years, existing priority areas of concern, any action plans previously adopted, and the district at large to identify any new areas that meet priority area conditions. After such review, the GMD board will update its priority areas of concern and its action plan as necessary and submit any updates to the Chief Engineer.

If the GMD board fails to identify priority areas of concern within the district, fails to submit an action plan to address the concerns or subsequent updates to action plans, or submits a plan that fails to reasonably address the problems within each identified area, the Chief Engineer could:

- Designate priority areas of concern in accordance with Section 2;
- Create an action plan in accordance with Section 2; and
- Take such corrective actions necessary under the authority granted to the Chief Engineer pursuant to the Kansas Water Appropriations Act and the Kansas Groundwater Management Act to carry out the action plan.

All areas within a district that have adopted a LEMA would be considered in compliance until the first action plan review. All areas within a district that have established an IGUCA would be considered a priority area of concern with an approved action plan in compliance with the bill until reviewed by the Chief Engineer pursuant to a schedule established in rules and regulations.

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NEOSHO REGION WATER SUPPLY DISCUSSION

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RAC GOAL IMPLEMENTATION TIMELINE

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