

Kansas Water Authority

Meeting

June 7, 2023

Dodge City, KS



MEETING AGENDA

<i>Time</i>	<i>Agenda Item</i>	<i>Presenter</i>	<i>KWA Advice</i>	<i>KWA Decision</i>	<i>Page No.</i>
9:00 am	Call to Order/Roll Call	Dawn Buehler			--
9:05 am	Approval of Meeting Minutes	Dawn Buehler			2-4
	April 19, 2023 Meeting			X	
9:10 am	Welcome & Water Update/Overview	City of Dodge City			--
9:40 am	KWA Public Water Supply Committee	John Bailey			5-12
	Water Marketing Application No. 267	Nathan Westrup		X	
	Water Contract No. 17-2, Wolf Creek	Nathan Westrup		X	
	CY 2024 Water Marketing Rate	Nathan Westrup		X	
10:10 am	KWA Budget Committee	Mike Armstrong			13-15
	Kansas Water Plan Budget Guidelines	Matt Unruh		X	
10:30 am	BREAK				
10:50 am	Federal Update				16
	U.S. Army Corps of Engineers PAS Agreement	Matt Unruh		X	
10:55 am	Northwest Kansas Mineralization Study Update	Leo Henning Dr. Todd Moore			--
11:30 am	Kansas Geological Survey Water Update	Jay Kalbas			--
12:00 pm	LUNCH				--
1:00 pm	Water Success Story: Water Conservation Areas	KDA - DWR			--
1:30 pm	KS/CO Arkansas River Water Quality Summit Update	KDHE KDA - DWR			--
2:00 pm	KWA Ex Officio Agency Updates	Dawn Buehler			--
2:30 pm	Director's Report	Connie Owen			--
2:40 pm	New Business	Dawn Buehler			--
2:50 pm	Adjourn	Dawn Buehler			--

Call to Order/Roll Call

Call to Order/Roll Call; *Dawn Buehler*

Minutes

Presented by: Dawn Buehler



Action Needed

Approval of minutes from:
April 19, 2023

Welcome & Water Update/Overview



Mayor Michael Burns
Ray Slattery, Director of Engineering

KWA Public Water Supply Committee

Presented by: John Bailey & Nathan Westrup

Actions Proposed Following 6/1/2023 Committee Meeting:

- Recommendation on Request to Negotiate for Water Marketing Contract from Council Grove Lake – City of Emporia
- Recommendation to KWA on requested amendment of Water Purchase Contract No. 17-2 with Evergy/Wolf Creek Nuclear Generating Station, authorizing amendment negotiations
- Recommendation for CY 2024 Water Marketing Program rate

Cottonwood/Neosho Water Supply



City of Emporia, Application & Request to Negotiate

- City of Emporia
 - Current Water Purchase Contract No. 81-2
 - Expires 10/21/23
 - Quantity, 1,095 MGY
 - Request for renewal
 - Application received 5/26/23
 - Quantity, 2,281 MGY
 - Term, 5 years
- Preliminary findings
 - Provides list of items for consideration and contextual information

Upper Neosho River

Council Grove Lake Water Supply Storage Pools & Programs

Water Marketing
Water Assurance
Water Quality

Water Marketing
62.53%

Water Assurance
14.8%

Water Quality
22.67%

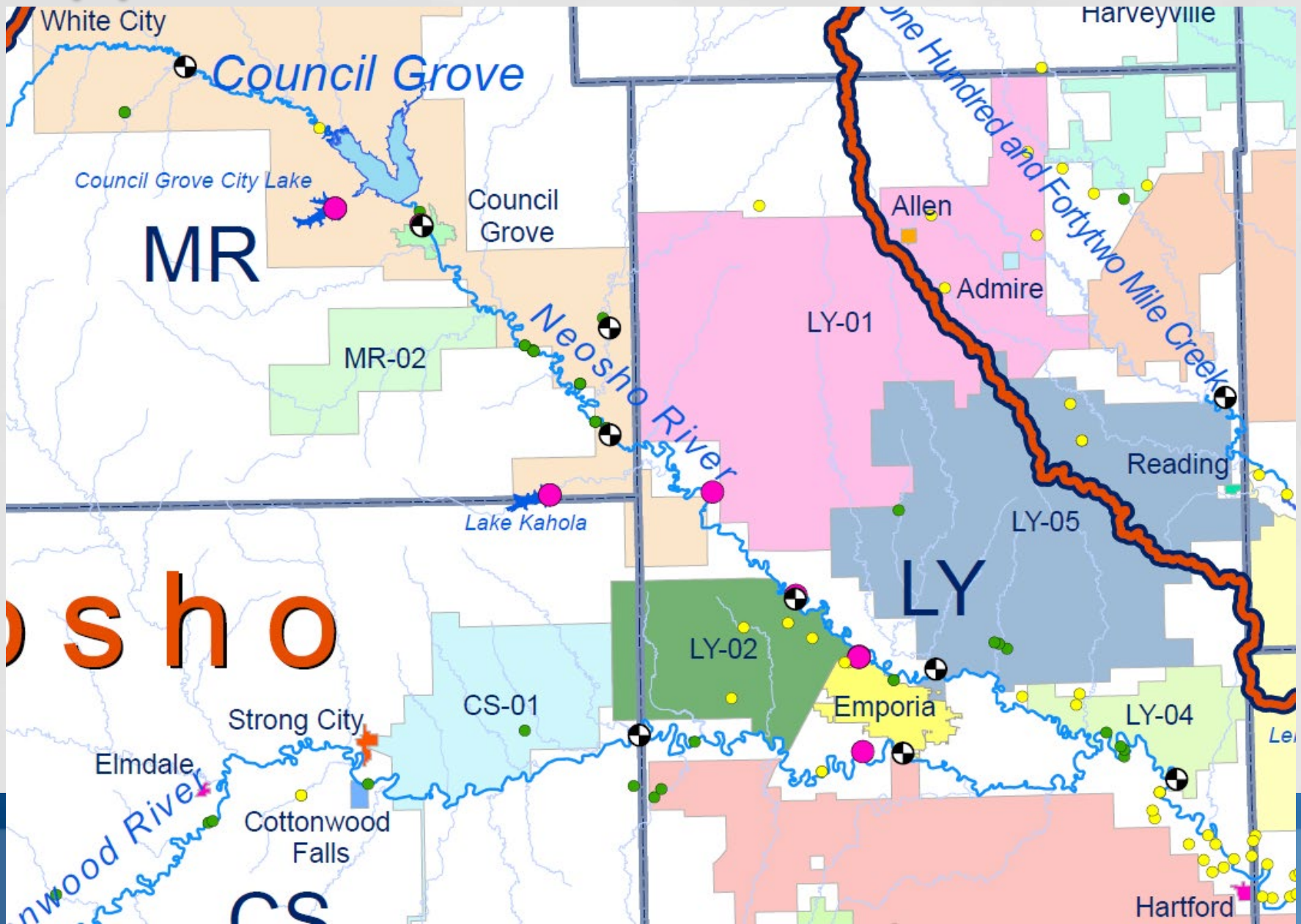
Council
Grove Lake

Legend

- Major Stream
- Water Assurance
- Water Marketing
- Water Quality
- City

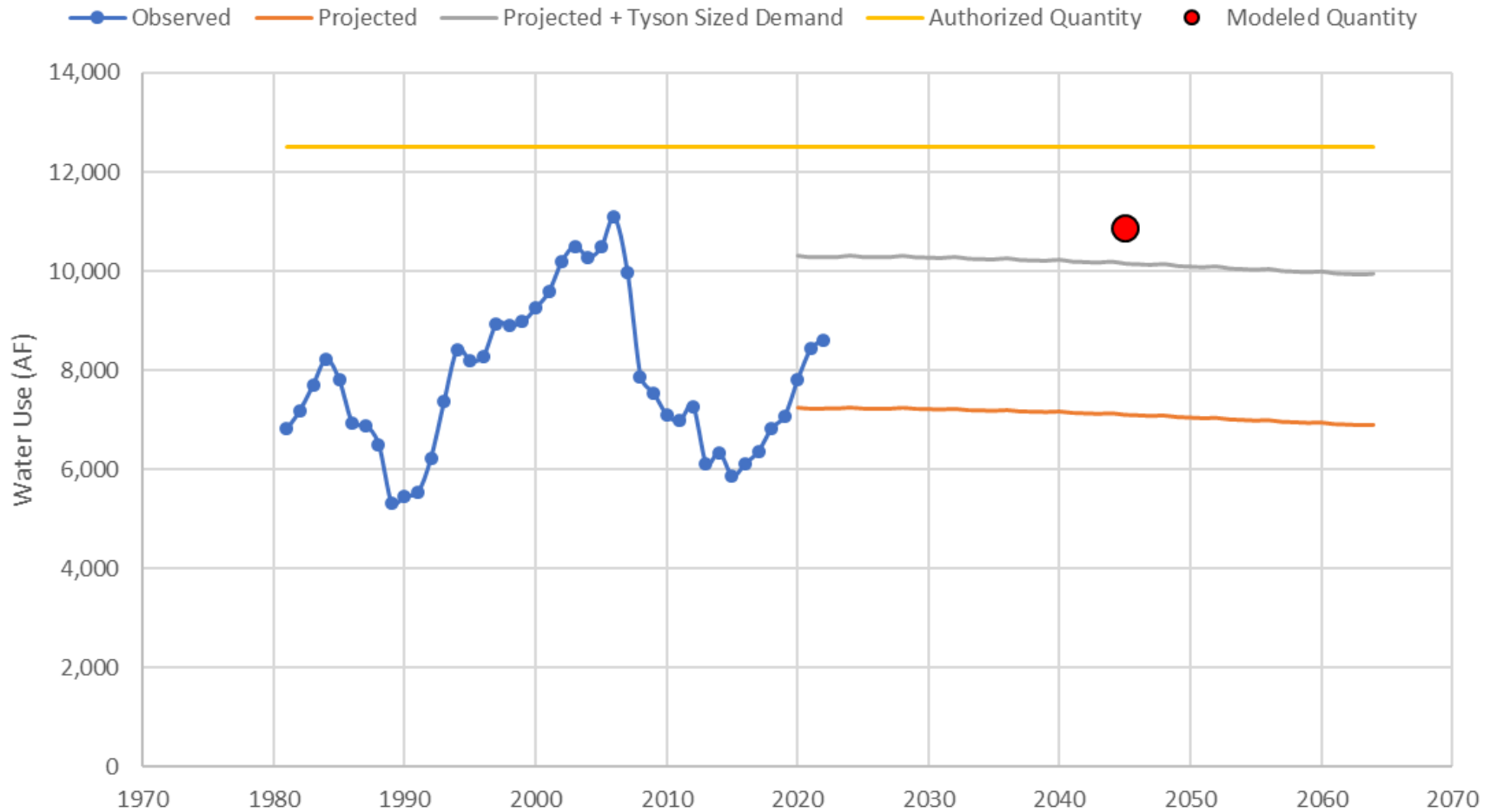
Emporia

Upper Neosho River



Water Use

Emporia Water Use Projections



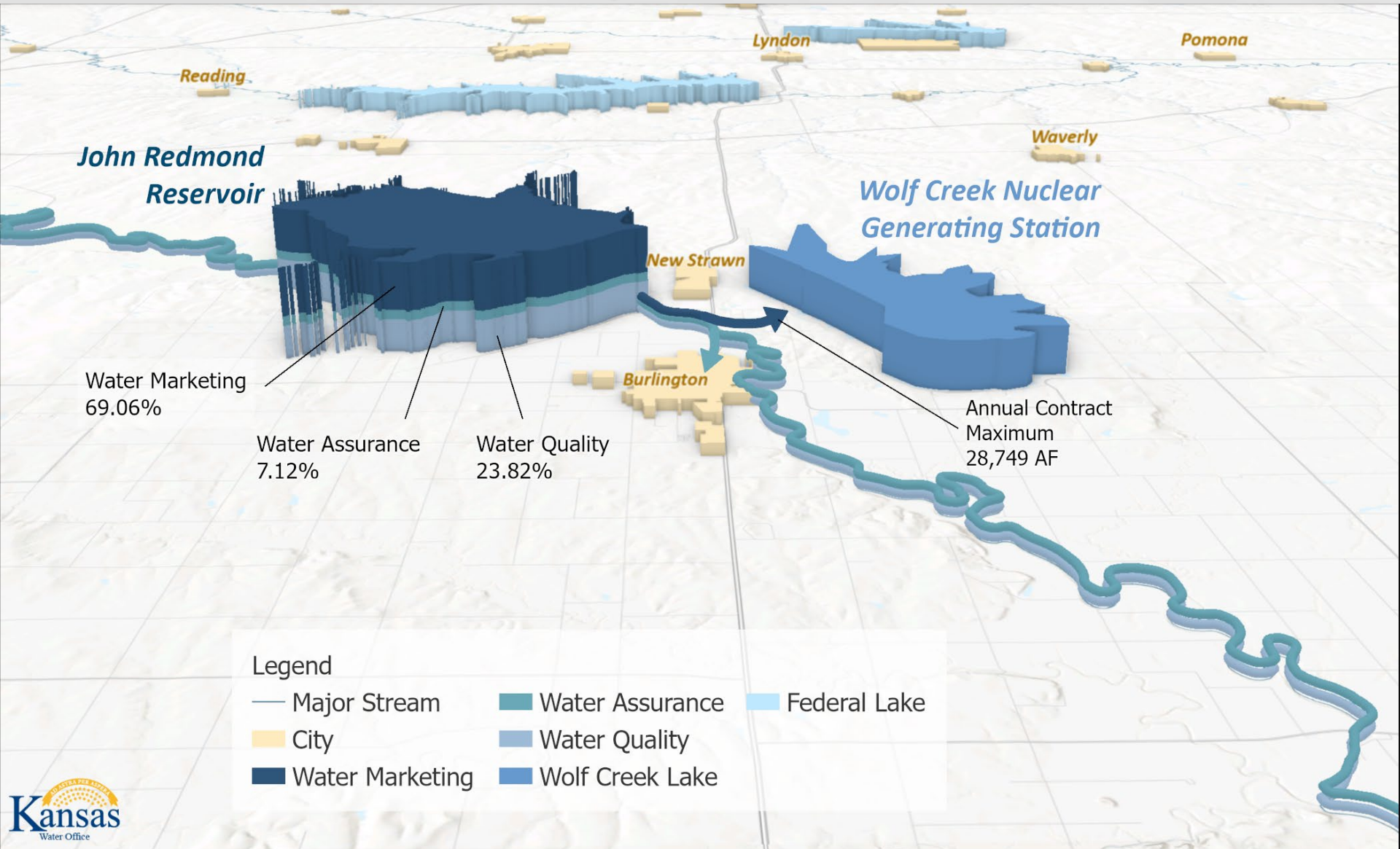
Request to negotiate (98-5-3)

- **K.A.R. 98-5-3. Request to negotiate.** (a) When an applicant is ready to enter into a water purchase contract, the applicant shall provide written notice of the applicant's desire to enter into negotiations for a contract with the director.
 - Written notice to begin negotiations was provided with the submittal of the application on May 26, 2023
 - If the KWA finds that the proposed sale is in the public interest and that it will advance the purposes of the State Water Planning Act and the State Water Plan – the KWA should authorize the Director to begin negotiations with the applicant

PWS Committee Action

- The Public Water Supply Committee recommends the Kansas Water Authority approve the Director's request to begin contract negotiations with the City of Emporia

John Redmond / Wolf Creek



John Redmond / Wolf Creek

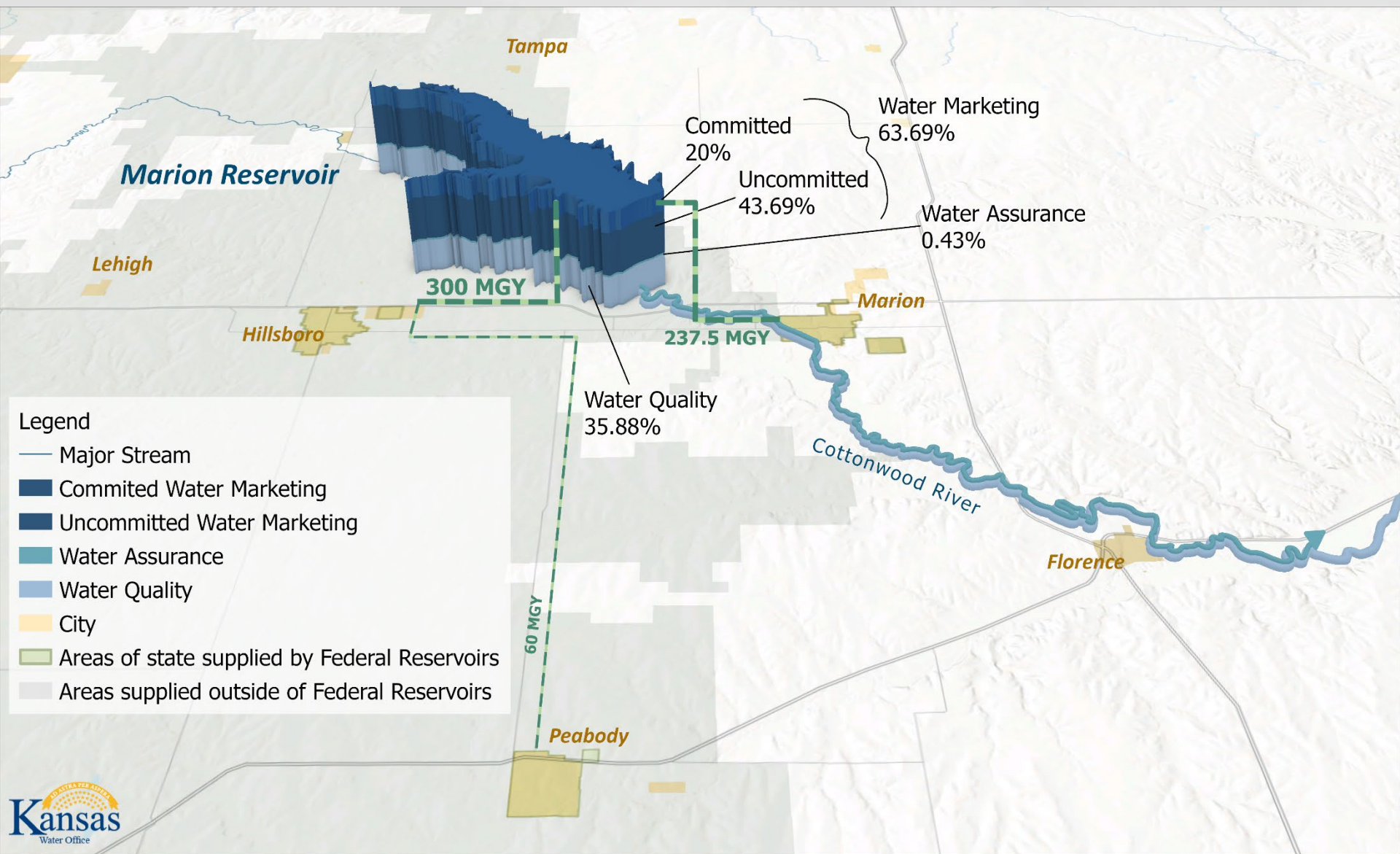
● Water Purchase Contract No. 17-2

- Term of 10 years (maximum 40)
- Expires 12/31/27
- Quantity, 9,368 MGY

● Request for amendment

- Article 2, extend contract term through 12/31/2045
 - Plant license currently runs through 2045
- Source of water in addition to John Redmond
 - Modeling shows that a combination of Water Marketing storage in both John Redmond and a portion of Marion will be sufficient to supply contract quantity through 2045
- Article 15 allows for amendment by written agreement
- K.S.A. 82a-1316 & 1305 require KWA approval to negotiate a contract amendment

Marion Reservoir

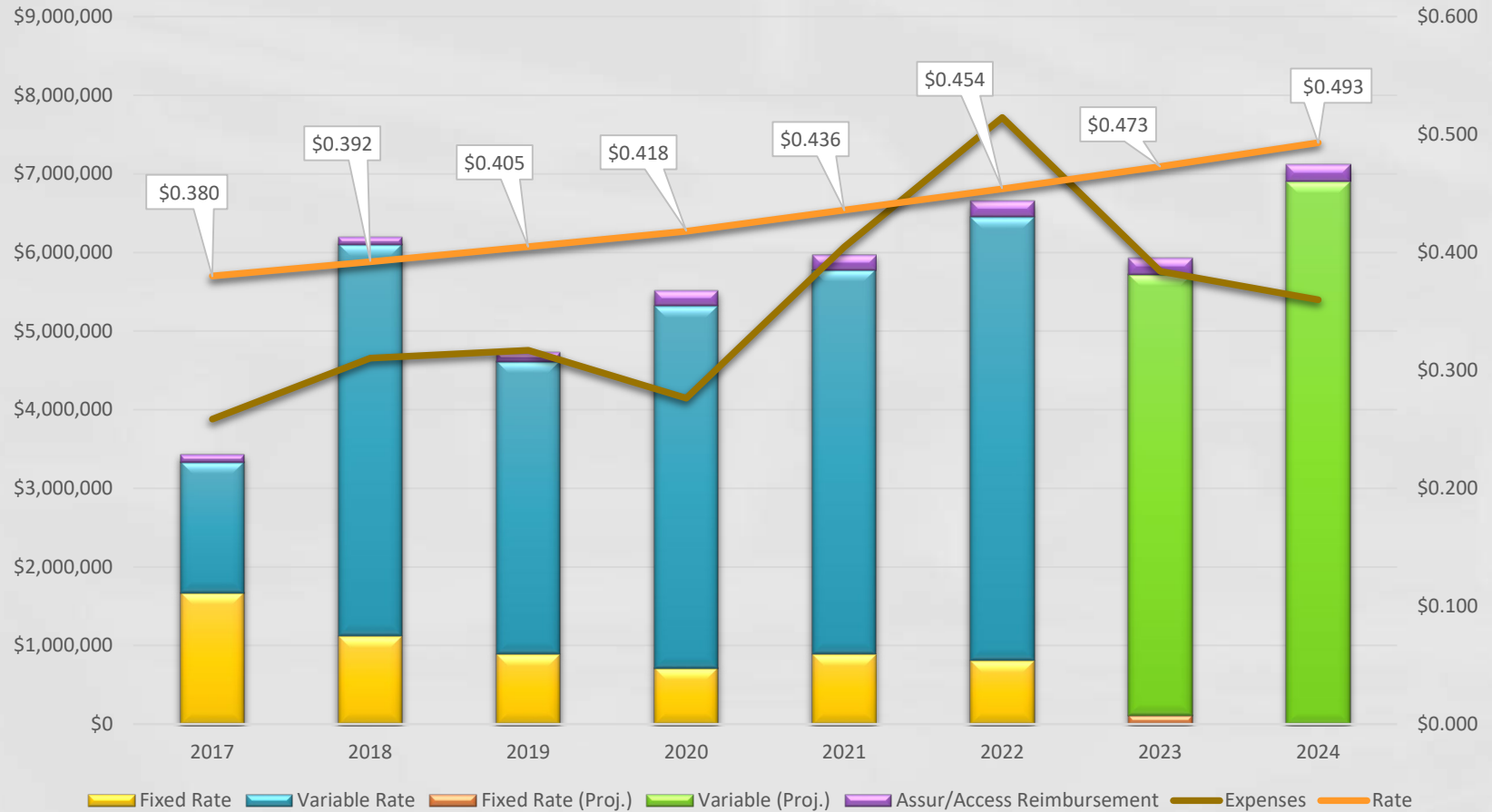


John Redmond / Wolf Creek

- The Public Water Supply Committee recommends the Director be approved to negotiate an amendment of Article 2 for Water Purchase Contract, No. 17-2

A Pivotal Year

Revenue vs Expenses / Rate



Statutory Rate Components

- An amount necessary to repay capital costs
- An amount as interest on money advanced from the State General Fund (not an active component)
- Administration and enforcement expenses
- Operation, maintenance, and repair costs
- An amount necessary to meet the needs of the program as shown in the *Water Marketing Program Capital Development and Storage Maintenance Plan* approved by the Kansas Water Authority

Additional Statutory Requirements

- The rate fixed by the Director shall be approved by the KWA on or before July 15 of each calendar year
- The rate shall take effect on January 1 of the following year
- The Director shall consider the state's conservation water supply capacity from all sources as though impounded in one single reservoir

Other Rate Considerations

- Impact to customers
- Progress toward goals set in Capital Development and Storage Maintenance Plan
- Future or unexpected expense obligations

Water Marketing Rate, CY2024

• Expenses

- Capital costs to USACE, principle and interest
 - Service debt for future use storage at Milford & Perry
 - All in-service storage is paid off
 - Conservation development fund (Policy, according to Capital Development Plan)
- Administration & Enforcement (A&E)
- Operations and Maintenance
 - Routine O&M
 - Major repair
 - O&M set aside fund (\$0.01 per 1,000 gal)
- Protection and Restoration
 - Investment in reservoir sustainability
 - Conservation development fund (Policy)

• Revenue

- Water sales (primary)
- Assurance/Access District A&E reimbursement
- Assurance/Access District P&I reimbursement (storage purchase)

Revenue vs Expenses

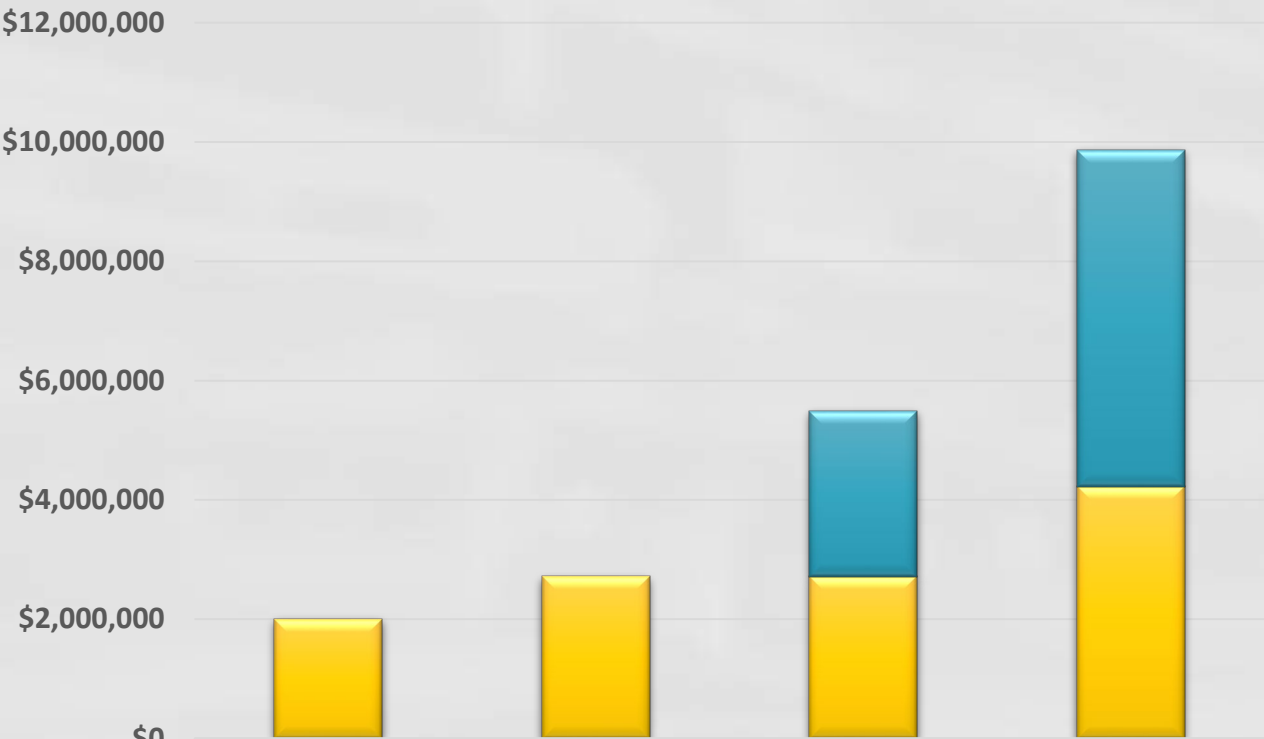
CY 2024 - Water Marketing Program Rate Scenarios
(W/ Probable New Contracts)



Cons Storage WS Fund (Dep)	\$1,514,248	\$1,432,778	\$1,242,681
----------------------------	-------------	-------------	-------------

Reserve Fund Balances

Conservation Storage Water Supply Fund Balance



Savings account
for water projects
or debt service

	Current	End CY23	End CY23 +P&I Rev	End CY24 +P&I Rev
■ P&I Rev			\$2,777,497	\$5,645,929
■ Conservation WS Fund Balance	\$2,004,962	\$2,715,093	\$2,715,093	\$4,224,252

■ Conservation WS Fund Balance ■ P&I Rev

Critical advice and recommendations

- CY2024 Rate
 - \$0.493 (4.2% increase and ~\$1.51M)
 - \$0.487 (3.0% increase and ~\$1.43M)
 - \$0.473 (no increase and ~\$1.24M)
- Debt service method for Milford and Perry
 - KWO recommends continued revenue generation sufficient to service the remaining debt
 - Conservation Storage Water Supply Fund is in an interestbearing account – based on PMIB earnings and currently 4.174%
 - Perry interest rate is 3.046%
 - Milford interest rate is 2.632%

Recommended Rate

- The PWS Committee recommends that the Kansas Water Authority set the CY 2024 Water Marketing rate at \$0.493/1000 gallons

KWA Budget Committee

Presented by: Mike Armstrong & Matt Unruh

Actions Proposed Following Committee Meeting:

- KWA approval of updated Kansas Water Plan Budget Guidelines

Kansas Water Plan Budget Guidelines June 2023

Water Plan Funds should be allocated to maximize accomplishing the goals and objectives established by the Kansas Statutes, the Kansas Water Authority and the Regional Advisory Committees. Fundamental to the budget process shall be a prioritization of expenditures that are required to do legally, necessary to implement the Kansas Water Plan, and discretionary expenditures that can be justified based upon defined benefits.

In particular, budgeted funds should be allocated with the following principles:

- Statutory Obligations shall be met first.
 - For instance, K.S.A. 82a-2101 requires that proceeds from the Clean Drinking Water Fee be allocated by providing not less than 15% to provide on-site technical assistance for public water supply systems, with the remainder being used to renovate and protect lakes which are used directly as a source of water for such public water supply systems
- All budgeted funds should be tied to one of the projects and initiatives established by the Kansas Water Plan. Allocation of funds should be supported by appropriate metrics and benchmarks, which clearly demonstrate the past (where applicable), current and future benefit of such expenditures.
- Per K.S.A. 82a-951, State Water Plan funding “shall not be used for . . . replacing full-time equivalent positions of any state agency.” Chapter 59 of the 2023 Session Laws of Kansas allows the Kansas Water Authority to recommend to the Legislature to appropriate up to 10% of the unencumbered balance of the State Water Plan fund to supplement salaries of existing state agency FTE positions and for funding new FTE positions created to implement the Kansas Water Plan. Such appropriations will not replace State General Fund, fee fund or other funding for positions existing on July 1, 2023. However, the Kansas Water Authority should continue to encourage funding for staff positions supporting State Water Plan programs and projects to be from the State General Fund removing any confusion and allowing additional funds to be used for implementation activities.
- Funds raised through fees on specific users, such as K.S.A. 82a-954, K.S.A. 2-1205 and K.S.A. 2-2204 should be used to fund projects or initiatives that benefit the users paying those fees, or mitigate environmental impacts caused by said users, including:
 - Agricultural users
 - Public water supply systems
 - Industrial users
 - Stock watering

Specifically, Chapter 59 of the 2023 Kansas Session Laws states the Kansas Water Authority shall encourage the creation of grant programs for stock water conservation projects and such grant programs shall prioritize the use of stock water fees allocated to the State Water Plan Fund.

- Allocation of funds should be reasonably related to:
 - The source of the funds,
 - Geographical balance (i.e. NE, NW, SE & SW), including consideration for RAC Regional balance
 - Hydrological (ground water vs. surface water) resource balance
 - An equitable mix of rural vs. urban interests.

Exceptions will be considered for high-priority or time-sensitive cases requiring significant funding for the implementation of an individual priority project.

**Kansas Water Plan Budget Guidelines
June 2023**

- Priority must be given to long term contractual, or multi-year obligations such as:
 - Contracts with the Corps of Engineers for O&M costs of federal reservoirs
 - Contracts with the USGS for stream gages
- Consideration may be given to projects or initiatives that involve cost shares from other sources, such as Federal, state, local and private funding.
- Consideration may be given to expenditures that can be justified based upon emerging threats to water resources, including appropriate research initiatives.
- Chapter 59 of the 2023 Kansas Session Laws states the Kansas Water Authority will encourage requests from state and local entities that cooperate with qualified non-profit entities.
- Chapter 59 of the 2023 Kansas Session Laws states if at least two conservation districts present a joint proposal for position(s) to provide shared services to those districts, funds may be recommended to supplement the salaries of those position(s).

Budget Committee Recommendation:

KWA approval of updated Kansas Water Plan Budget Guidelines

Kansas Water Authority

State Water Plan Fund FY 2025 Budget Recommendation Development Process

- Week of June 19: RAC budget input kickoff webinars
- Month of July: RAC budget input meetings all 14 RACs
 - *Meeting scheduling coordination ongoing*
- End of July: KWO compiles RAC input, coordinates with agency partners to develop initial draft FY 2025 SWPF recommendations
- August 7 and August 14: KWA Budget Committee reviews RAC feedback in conjunction with initial draft FY 2025 SWPF recommendations, finalizes recommendations for consideration by full KWA at August 23rd meeting.

BREAK

Meeting will resume shortly

Federal Update

USACE Planning Assistance to State (PAS)

Presented by: Matt Unruh



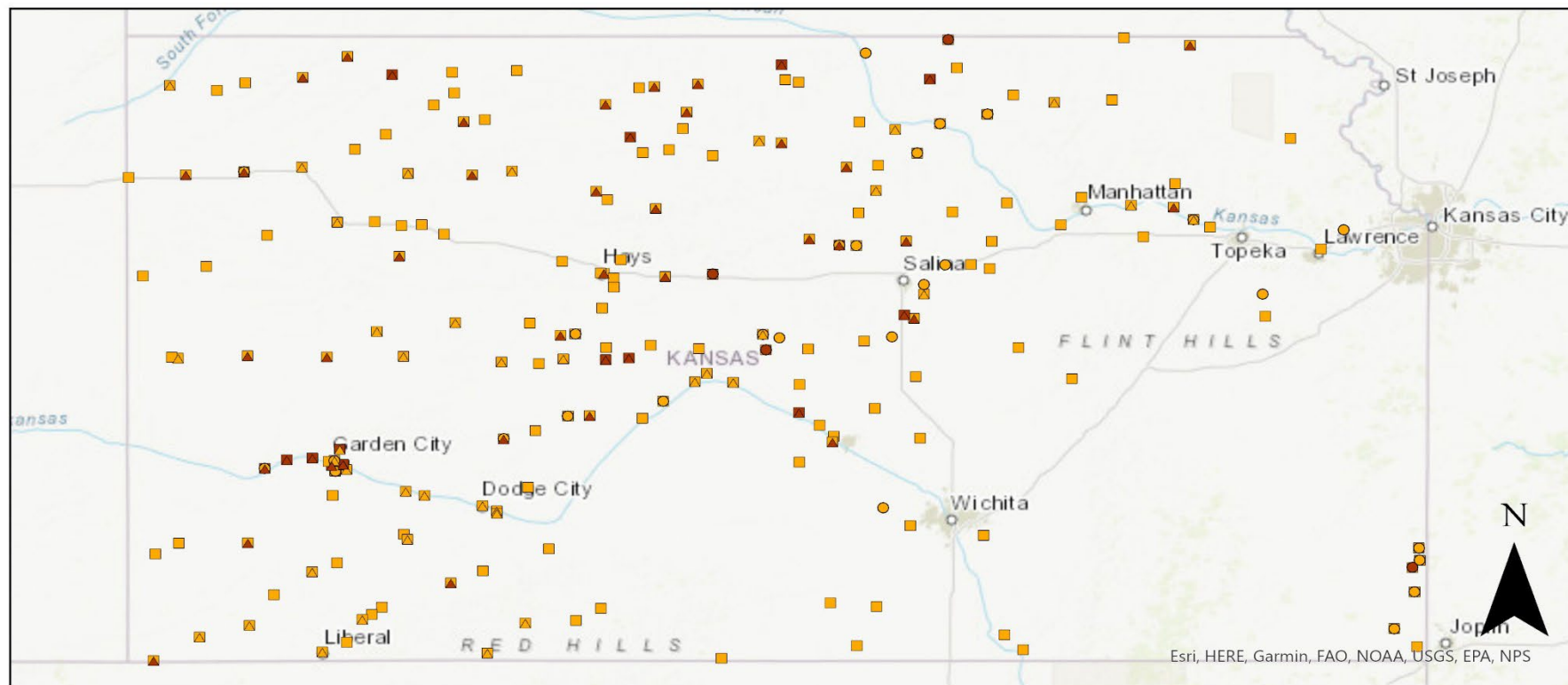
Actions Proposed:

- KWA Approval for KWO to enter into a PAS agreement with the U.S. Army Corps of Engineers for a South Johnson County Regional Wastewater Study

Northwest Kansas Mineralization Study Update

Presented by: Leo Henning & Dr. Todd Moore

Groundwater Public Water Supplies Average Levels of Uranium, Radium, and Gross Alpha 2010-2023



0 20 40 80 120 160 Miles

Data Sources:
KDHE, Bureau of Water, Public Water Supply Section

Date Published: May 24, 2023

Average Uranium (pC/L)

▲ Approaching MCL

▲ Above MCL

Average Radium (pC/L)

● Approaching MCL

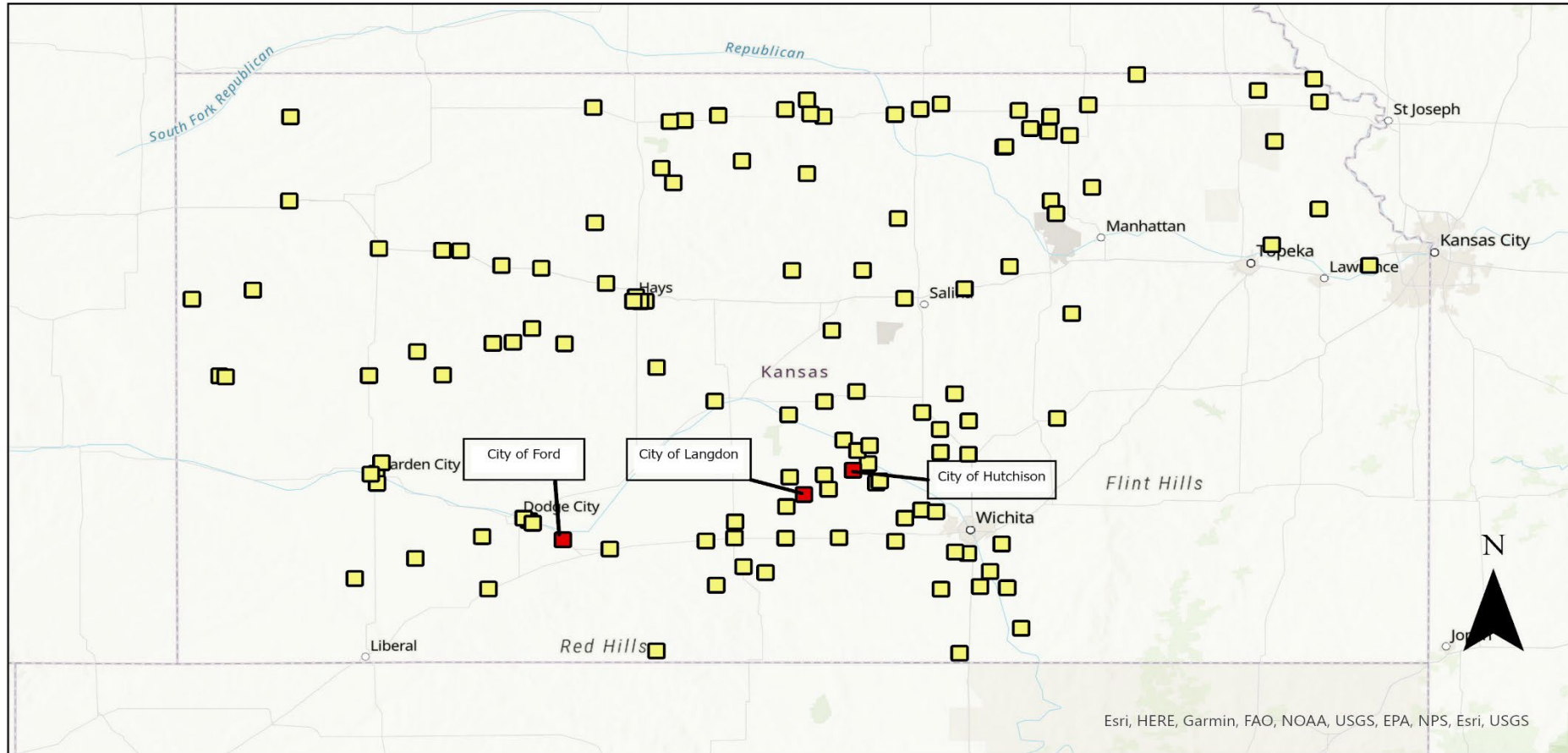
● Above MCL

Average Gross Alpha (pC/L)

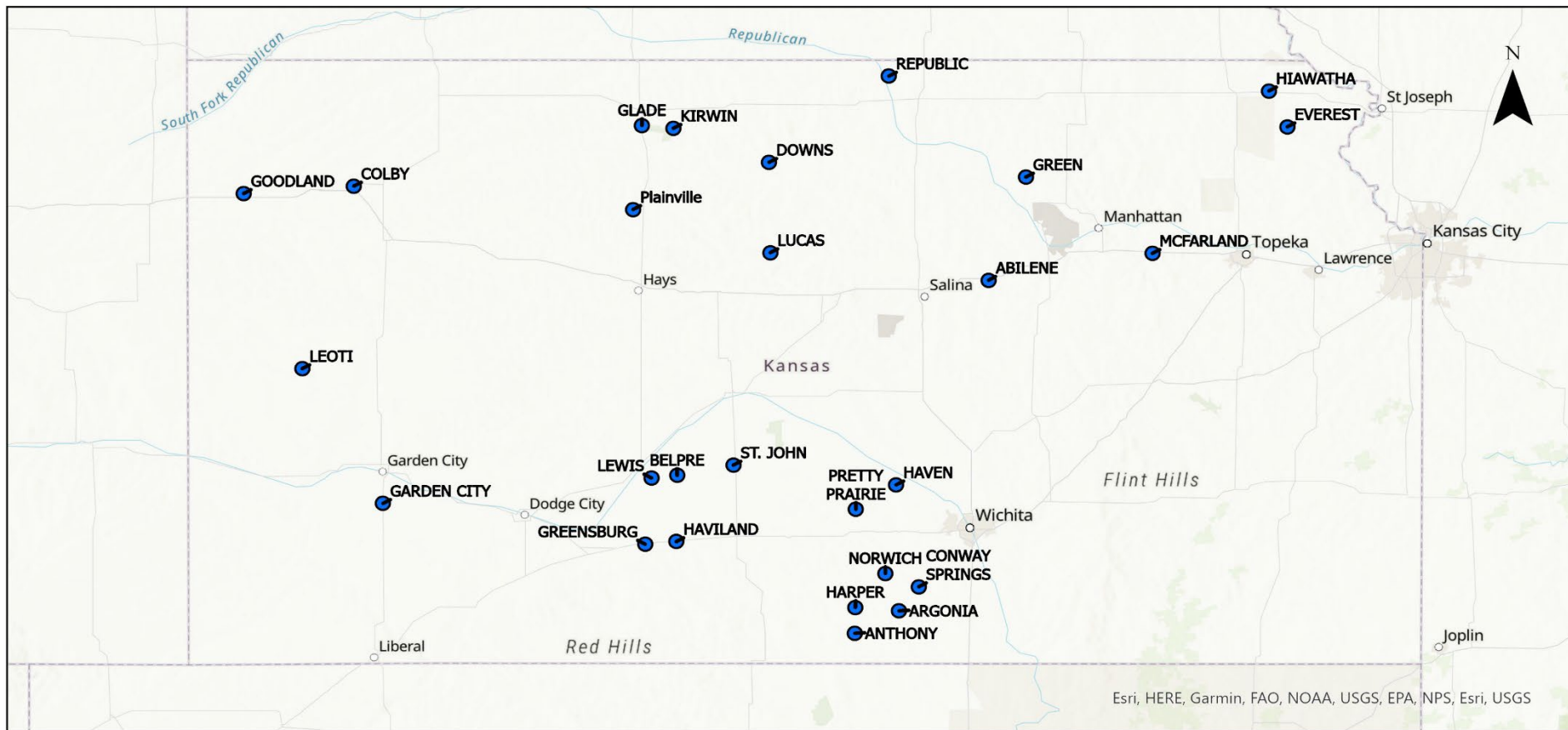
■ Approaching MCL

■ Above MCL

Groundwater Public Water Supplies Average Nitrate Levels 2010-2023



Groundwater Public Water Supply Systems with Treatment for Nitrates



0 20 40 80 120 160 Miles

Data Sources:
KDHE, Bureau of Water, Public Water Supply Section

Date Published: May 24, 2023

● PWS Systems with
Treatment for Nitrates

*Label represents the city where the
treatment plant resides.

Kansas Geological Survey

Water Update

Today's Lunch Sponsored by:



Water Success Story: Water Conservation Areas (WCAs)

Presented by: KDA-DWR

Kansas/Colorado Arkansas River Water Quality Summit Update

Presented by: KDHE & KDA-DWR

KWA Ex Officio Agency Updates

Director's Report

Presented by: Connie Owen

New Business

Adjourn

Upcoming Meetings:

- August 23, 2023 – Kansas Water Authority, Central Kansas
- October 18, 2023 – Kansas Water Authority, TBD
- December 13, 2023 – Kansas Water Authority, TBD