

**STATE OF KANSAS  
DEPARTMENT OF HEALTH AND ENVIRONMENT  
DIVISION OF ENVIRONMENT  
BUREAU OF WATER**

**INTENDED USE PLAN  
FOR  
THE KANSAS PUBLIC WATER SUPPLY LOAN FUND**

**STATE FISCAL YEAR 2015**



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## I. INTRODUCTION

In 1996 the Safe Drinking Water Act (SDWA) established the Drinking Water State Revolving Fund (DWSRF) to assist public water supply systems in financing the costs of infrastructure needed to achieve or maintain compliance with SDWA requirements, and to protect public health. The Kansas Public Water Supply Loan Fund (KPWSLF) was established in 1994 by K.S.A. 65-163d through 65-163u. The Environmental Protection Agency (EPA) makes capitalization grant money available to the state for operation of the KPWSLF.

Both state and federal law require preparation of an annual intended use plan (IUP), to identify projects and activities to be supported by the federal appropriation. The IUP is submitted to the EPA as part of the application for a capitalization grant. EPA regulations require the IUP to include the following elements:

A list of projects to be assisted by the KPWSLF, including a description of the project and population served;

The criteria and methods established to distribute the funds;

A description of the financial status of the KPWSLF;

A description of the long and short-term goals for the KPWSLF;

A description of non-project activities (set-asides) to be funded from the capitalization grant, and;

A description of how assistance will be provided to disadvantaged communities.

The SDWA requires states to give priority to projects that address the most serious risks to human health, that are necessary to achieve compliance with the SDWA, and to assist public water supply systems most in need on a per-household basis. State law requires KDHE to encourage regional cooperative public water supply projects in accordance with the regionalization strategy of the state water plan.

This 2015 Intended Use Plan will also address requirements made through appropriation laws passed in recent years. Specifically, these requirements are (1) to make all Kansas Public Water Supply Loan Fund (KPWSLF) loans executed after October 30, 2009, comply with Davis-Bacon Act Requirements; (2) to provide additional subsidy in the form of a grant, principal forgiveness, or a negative interest rate loan; and (3) require all loans executed after January 16, 2014 to comply with American Iron and Steel (AIS) requirements.

Allotments for the FFY 2015 EPA capitalization grant have not been determined as of the date of publication of this document and any special conditions or required program changes are also unknown. For planning purposes this IUP will assume the 2015 capitalization grant will have the same conditions and dollar amounts of the 2014 capitalization grant.

As of June 30, 2014, Kansas had been awarded \$195,888,122 in capitalization grants from FFY 1997 thru FFY 2013. The FFY 2014 capitalization grant application for \$10,080,000 was

submitted to EPA on March 28, 2014 but had not been awarded as of June 30, 2014.

This Intended Use Plan can be amended to add projects or other provisions as needed after a public hearing with 30 days notice. KDHE anticipates amending this IUP in December 2014.

The operating agreement between EPA and KDHE was last amended on December 29, 2010 and still accurately reflects current operation of the Kansas Public Water Supply Loan Fund.

## **II. LIST OF KPWSLF PROJECTS**

On March 17, 2014, letters soliciting projects were sent to over 800 public water suppliers eligible to receive assistance from the Kansas Public Water Supply Loan Fund. These projects were combined with the projects left over from the 2014 Project Priority List (PPL) to create the 2015 Project Priority List. Fourteen additional eligible projects for \$11.3M were submitted for consideration of placement on the 2015 IUP. All projects are listed in order of project ranking and projects with the same ranking are further sorted by increasing project amount. The 2015 PPL can be found in Appendix A.

In order to maximize the use of available funds, all projects on the PPL will receive loan applications. This will ensure projects that are ready to proceed will have access to loan funds. If any of these projects do not submit the loan application by the deadline established in the application transmittal letter, or if any system notifies KDHE that they are no longer interested in a KPWSLF loan, the projects will be removed from the PPL. Systems can notify KDHE in writing if they are not ready to proceed with the application but still want to be left on the Project Priority List for the next funding cycle.

KDHE is required to ensure that projects funded in an amount “equivalent” to the capitalization grant comply with certain federal laws and executive orders dealing with environmental and socio-economic requirements, called cross-cutters. Once “equivalency” is achieved, the number of cross-cutting requirements is reduced significantly. KDHE has issued post equivalent loans for all of the loan commitments since 2004 with the exception of ARRA loans. The total of all capitalization grants awarded, the pending 2014 capitalization grant, and the estimated 2015 capitalization grant is \$216,048,122. The total amount of loans awarded as equivalent projects through June 30, 2014 is \$230,667,780.87. This leaves Kansas with a \$14 million equivalency credit. The Environmental Review Process remains unchanged for post equivalent projects. KDHE anticipates returning to the practice of making equivalent loans in SFY 2016.

Any project that is funded by a KPWSLF loan agreement executed after October 30, 2009 will comply with Davis-Bacon Act Requirements as required by EPA and the Department of Labor. Any project that is funded by a KPWSLF loan agreement executed after January 16, 2014 will comply with the American Iron and Steel (AIS) requirement unless federal law does not require it.

## **III. CRITERIA AND METHODS FOR DISTRIBUTING FUNDS**

The Kansas Department of Health and Environment developed a Project Priority System to rank all projects submitted for funding. The system provides a clear, objective order of ranking for public water supply infrastructure improvements. The Project Priority System is attached as Appendix C.

The funding order of projects may not be identical to the priority ranking in the found in the PPL (Appendix A). Readiness to proceed is an important factor, however, the general order of project ranking will be followed to the extent a project's sponsor is ready to proceed. KDHE always reserves the right to fund lower priority ranking projects over higher priority ranking projects, if a higher priority project's sponsor has not taken the steps necessary to expeditiously apply for funding. If a project must be bypassed because of a delay, it will be funded when it is ready to proceed, if loan funds are available and if the project still has a favorable priority rating. The ability to bypass projects which are not ready to proceed, will give a greater probability that all available loan funds can be committed. Additionally, KDHE may elevate any eligible project to the project priority list due to emergency conditions as determined by the Secretary; however the application process is the same as non-emergency projects except that emergency projects do not need 30 days' notice for their public hearing.

The PPL lists all eligible and current projects that have been submitted for loan fund consideration. The KPWSLF has \$43M available (existing) for new loan commitments which is roughly 33% of the total amount of projects on the IUP. Additional funds will be realized during the program year from the 2015 capitalization grant and the state match funds required for the 2015 capitalization grant (approximately \$11.1M total). Historically only 30% of the projects listed on the PPL complete loan applications due to project abandonment or delays due to project readiness to proceed. If complete applications are received in excess of the existing funds available, KDHE will issue bonds to make up any shortfall when cash is needed for disbursements. If municipalities that are provided with a loan application do not complete it by the deadline given to them, and they are otherwise nonresponsive, they will be bypassed and removed from the PPL. All projects are considered above the funding line.

State law requires KDHE to make 20% of the total money in the Loan Fund available to public water supply systems with populations less than 5000 people. The SDWA requires 15% of the Fund to be made available to systems serving less than 10,000 people. Systems with populations of 5,000 or less represent 39% of the loan funds in the 2015 PPL and systems that serve less than 10,000 represent 48% of the loan funds in the 2015 PPL.

One of the purposes for the revolving loan fund stated in the SDWA is to provide assistance to those systems most in need, on a per household income basis. The SDWA provides the opportunity to assist economically disadvantaged communities by allowing 30% of the capitalization grant to be used for loan subsidies, including principal forgiveness. The KPWSLF has not developed disadvantaged community criteria, but the KDHE project priority system includes a scoring criterion based on the applicant's median household income compared to the statewide median household income. This helps assure lower income communities have access to the Loan Fund.

Another purpose of the revolving loan fund stated in the SDWA is to facilitate compliance with national primary drinking water regulations or otherwise significantly further the health protection objectives found in the SDWA. KDHE is the state drinking water enforcement agency as well as the SRF implementation agency. Both of these programs are managed by the Public Water Supply Section of KDHE. The project ranking criteria used in the Project Priority List (PPL) provides the highest ranking points to projects that would return a system to compliance with drinking water regulations. All projects listed on the PPL further the health protection of users by either improving water quality or insuring integrity of public water supply

infrastructure to prevent contamination and insure access to safe drinking water. All eligible systems in Kansas are made aware that loan funding from KDHE can be available for a qualifying project.

#### **IV. FINANCIAL STATUS OF THE KPWSLF**

The KPWSLF is operating as both a leveraged reserve loan program and a cash flow leveraged loan program. In a leveraged reserve program, the EPA capitalization grant is not loaned to public water supply systems. Instead, the capitalization grant is deposited in a reserve account and pledged as security for repayment of state issued revenue bonds (leverage bonds). The revenue bond proceeds are loaned to municipalities. Investment earnings from the reserve account are combined with loan repayments from municipalities, thus allowing loans to be offered at interest rates less than the market rate. In a cash flow leveraged loan program the EPA capitalization grant is directly loaned out and the repayments of those loans are pledged as security for repayment of state issued revenue bonds (leverage bonds). The revenue bond proceeds are also loaned to municipalities and such loans are pledged as security for repayment of the state issued revenue bonds. Since a portion of loans are funded with EPA capitalization grant funds, which the program does not pay interest on but does receive interest payments from once they are loaned out, the pool of loans can be offered at interest rates less than the market rate.

The Fund anticipates issuing state match bonds during the program year to obtain matching funds for the 2015 capitalization grant. Leveraged bonds are issued according to cash flow needs (cash available for disbursements), not necessarily for loan commitment needs. Because there can be up to a two year delay between loan execution and project construction, the cash available for disbursements does not need to be equal to the total loan commitment amount at any given time. Although the Fund may need to issue bonds in the future to accommodate the cash flow needs of loans committed during the 2015 program year, KDHE does not anticipate the need to issue leveraged bonds during the program year as available cash exceeds the amount normally needed for loan disbursements in a typical year, which is \$20M to \$30M.

The Kansas Public Water Supply Loan Fund is audited annually by a certified public accounting firm in accordance with auditing standards generally accepted in the United States of America and applicable standards contained in Government Auditing Standards issued by the Comptroller General of the United States. The most recent audit provided an unqualified opinion.

The Leveraged Reserve account, which facilitates the part of the Fund that leverages through a reserve model, contained \$9,957,500 on June 30, 2014 which meets the leveraged reserve requirement based on 25% of outstanding old resolution bonds. As bonds are paid off, the Leveraged Reserve account will be reduced and those funds will be direct loaned to municipalities.

As of May 31, 2014, KDHE had 273 loan agreements or offers in place for a total of \$572,282,585.79. Loans have been finalized (projects completed) for 225 of those agreements and 114 of the loans have been repaid in full. Existing loan agreements had a commitment balance amount of \$87,545,021.42 (amount needed to fully disburse existing loans).

For the 2015 PPL, KPWSLF has \$43M of available funds that that can be disbursed to new loans (existing sources – existing loan commitments). The Sources and Uses table in Appendix B

shows estimated financial resources and the planned utilization of those resources for the 2015 program year. The table further separates amounts between loans, set-asides, and fees. The table shows existing loan disbursement sources from recycled and grant funds of \$130M, however to fully disburse all existing loan agreements and potential new loans for all of the projects on the PPL, \$214M would be needed. The \$84M shortfall of funds will be reduced by approximately \$11M when the 2015 capitalization grant is awarded and the associated state match is deposited. The remaining shortfall of \$73M would be obtained by issuing bonds – but bonds would only be issued when needed to meet cash flow needs which are not anticipated for 2015.

KDHE has discontinued the practice of committing specific types of funds for specific loans at loan execution; instead, the source of funds used for disbursements will be determined at the time of each disbursement request. This practice will allow for capitalization grant funds to be disbursed as a first priority therefore reducing unliquidated obligations of federal grants. KDHE expects to fully disburse the loan portions of the 2013 and 2014 capitalization grants during the program year.

At least once a year, a cash flow analysis for the next 22 year period is performed to aid in making long and short term financial decisions for the Fund. The last cash flow analysis was performed in May of 2014. Formal monthly meetings between KDHE, the Kansas Development Finance Authority (bond issuer and financial advisor) and the Kansas Department of Administration (SRF program accounting) are also held to discuss financial planning and make funding decisions.

More detailed financial information can be found in the KPWSLF Annual Report. The most recent report covers the program year through June 30, 2013. This and future annual reports can be found on the KDHE web site [www.kdheks.gov/pws/loan/loanfund.htm](http://www.kdheks.gov/pws/loan/loanfund.htm).

## **V. INTEREST RATES AND ADDITIONAL SUBSIDY**

In accordance with K.A.R 28-15-52, the KPWSLF interest rate will be set at 60% of the previous three months' average of the Bond Buyers 20 Year General Obligation Bond Index. The 2010 and 2011 capitalization grants require the KPWSLF to provide at least 30% of those grants to be used as additional subsidy. The 2012, 2013, and 2014 capitalization grants require at least 20% but no more than 30% to be used as additional subsidy. The Fund will meet this requirement by awarding principal forgiveness for projects (1) that return a non-compliant public water supply system to compliance with MCL requirements (this will include any project that would reestablish the use of existing source water infrastructure that was discontinued from use because it caused a compliance violation for the system), (2) projects for systems with an ETT score greater than 10 on the EPA Enforcement Response Targeting Tool (as long as the project will put or maintain the system on the path of compliance), (3) projects that would result in system consolidation (two or more systems combine and only one system exists afterward), and (4) projects that would allow or implement the creation and operation of a Public Wholesale Water Supply District. This will encourage projects that satisfy goals of both state and federal laws.

Principal forgiveness will be calculated at 30% of the disbursed loan amount associated with the qualifying portion of project. Principal forgiveness will only be available to qualifying loans as funds remain available. Qualifying loans that are executed after KDHE has met its minimum requirement for additional subsidy, may not receive any principal forgiveness or receive principal forgiveness in an amount less than 30% of the qualifying disbursed loan amount.

The additional subsidy requirements and progress towards satisfying them are tracked for each applicable grant and reported in the KPWSLF Annual Report. While KDHE estimates sufficient principal forgiveness amounts for the 2010, 2011, and 2012 capitalization grants will be provided to existing executed loans, the final amounts cannot be determined until projects are completed and loan agreements are amended to the final amounts used. Possible projects on the 2015 PPL are eligible for an estimated \$4,858,589 in principal forgiveness which would satisfy the 2013 capitalization grant required additional subsidy amount of \$2,060,400 and the 2014 capitalization grant required additional subsidy amount of \$2,016,000. If the 2015 capitalization grant requires additional subsidy to be provided, the 2015 PPL would accommodate up to \$782,189 of the required amount.

## **VI. EQUIVALENCY PROJECTS**

The KWPSLF must designate in the Intended Use Plan a project or group of projects equal to the capitalization grant amount that will be required to submit an audit that complies with the Single Audit Act requirements, comply with the Federal Funding Accountability and Transparency Act reporting requirements, and comply other federal crosscutter requirements. At the time of loan execution KDHE will determine if such loan will be required to comply with these requirements. Because it is unknown which projects listed in the PPL will actually execute loan agreements, it is not possible to list specific loans that will meet these requirements on the IUP. These loans will be listed in the annual report.

## **VII. SHORT AND LONG-TERM GOALS OF THE KPWSLF**

The state will pursue the following short-term goals as it implements the program.

1. Provide funding options for systems to correct problems that have caused enforcement actions.
2. Provide funding for replacement of deteriorating infrastructure.
3. Provide funding for technical assistance to small systems.
4. Encourage projects that consolidate or interconnect in a regional manner which would reduce public health risks or make more efficient use of source water capacity and treatment processes.
5. Revise loan application to provide more details regarding Technical, Financial, and Management capabilities.
6. Assure small public water supply systems are included in the loan program by providing at least 20% of available loan funds to systems serving a population of less than 5000.
7. Spend down grant funds within 2 years from the date of the grant award for all open and future capitalization grants.
8. Complete capitalization grant applications within 3 months of the establishment of final allotment amounts by EPA.

9. Deposit and spend any required state match prior to capitalization grant award.

The state will pursue the following long-term goals, as it implements the program.

1. Maintain a well managed perpetual program to allow a source of funds to be available to systems in need.
2. Encourage systems to choose projects with the most cost effective solutions.
3. Encourage systems to implement projects that have little if any significant impact to the environment.
4. Continue to implement and expand the Capacity Development Program.
5. Explore ways to make the program more affordable/desirable to systems.
6. Comply with state and federal laws and the state/EPA capitalization grant agreement.
7. Assist water suppliers in meeting SDWA requirements.
8. Protect public health.

### **VIII. RECYCLED FUNDS**

Recycled funds are revenues in excess of the amounts needed to make bond principal and interest payments and also include funds transferred/de-allocated from the Leveraged Reserve Fund as leveraged reserve bonds are retired. As of May 31, 2014, the Fund had approximately \$112M in recycled funds and anticipates another \$2M to be added during the 2015 program year.

The KPWSLF has historically utilized pre-spending of bond proceeds using recycled funds. Pre-spending bond proceeds will help assure that the Fund meets the one and three year spend down requirements for bond proceeds and avoid penalties imposed by tax laws. Although no leveraged bond issues are expected in the near future, this practice will likely continue. The KPWSLF will also pre-spend anticipated grant funds using recycled funds in the future. This will enhance the Fund's ability to expeditiously use cap grant funds.

### **IX. DESCRIPTION OF NON-PROJECT ACTIVITIES TO BE FUNDED**

Sections 1452(g)(2) and 1452(k)(1) of the SDWA provides the state certain opportunities to reserve a portion of the capitalization grant to assist with administration of the loan fund and other program requirements. The following is a list of set-asides and uses that can be utilized:

- A. administration of the KPWSLF (up to 4%);
- B. technical assistance to systems serving 10,000 or fewer persons (up to 2%);
- C. state program management (up to 10%)
  - 1) to administer the State PWSS program;

- 2) to develop and implement a capacity development strategy.

D. other authorized activities (up to 15%)

The state must provide a dollar for dollar match for any set-aside expenditures under item C, this is in addition to providing the 20% matching funds to receive the capitalization grant. At least half of the match must be in addition to the amount spent by the state to match its public water supply supervision grant in FY 93. There are no additional match requirements for the remainder of the set-asides. Any funds, which are reserved but not spent, will not be lost. The actual amounts spent during the program year will differ from the amounts shown as reserved for the 2015 grant. Funds from previous grants and work plans will be spent in addition to (or prior to) the reserved amounts for the 2015 grant. It is KDHE's goal to have approximately 2 years of funds reserved in any set-aside to minimize unliquidated obligations.

For the 2015 capitalization grant the KPWSLF anticipates to reserve 4% for Administration (estimated at \$403,200), 2% for Technical Assistance (estimated at \$201,600), 3% (\$302,400) for State Program Management, and 3% (\$302,400) for Other Authorized Activities. These amounts are subject to change once KDHE is provided with the actual 2015 capitalization grant allotment amount. Any changes and/or reservation of set-aside credits will be described in the grant application and recorded in future IUPs and Annual Reports. The state has the option of transferring unspent set-asides to the loan fund in future years and reserve authority to take transferred or unreserved funds from future grants.

A. **SRF Program Administration**

Activities funded with this set-aside include financial reviews, project design review and approval, project ranking, priority list management, tracking of loan repayments, construction inspection, National Information Management System (NIMS) and Project Benefits Reporting (PBR) data maintenance, updating the needs survey, processing of loan disbursements, and any other costs associated with the operation of the KPWSLF.

**SRF Administration Set-Aside Spending Plan**

<b>Grant</b>	<b>Amount available</b>	<b>FY2015 Spending</b>	<b>FY2016 Spending</b>	<b>FY2017 Spending</b>
2012 (approximate)	\$181,617	\$181,617		
2013	\$412,080	\$206,040	\$206,040	
2014	\$201,600		\$201,600	
2015 (est.)	\$403,200			\$403,200
	<b>FY spending Totals</b>	\$387,657	\$407,640	\$403,200

B. **Small System Technical Assistance**

Funds from this set-aside are used to provide technical assistance to public water suppliers serving less than 10,000 people. Work conducted under this set-aside will continue to be

implemented through contracts with service providers. Any balance not used during the program year will be used for continued technical assistance to small systems in the future. Assistance will be provided in the areas of compliance, operation and maintenance, with a focus on systems with drinking water violations to return to compliance. Systems will benefit in resolving MCL and treatment technique violations, and responding to water quality complaints and emergency low-pressure problems. Systems operating surface water treatment plants will receive training in operational tests, chemical dosages, filter operations, and record keeping. Funds from this set-aside will also be used to create and implement an Area-Wide Optimization Program (AWOP) that will provide assistance to optimize system performance and address public health risks to small systems that operate surface water treatment plants.

**Technical Assistance Set-Aside Spending Plan**

<b>Grant</b>	<b>Amount available</b>	<b>FY2015 Spending</b>	<b>FY2016 Spending</b>	<b>FY2017 Spending</b>
2013 (approximate)	\$224,227	\$224,227		
2014	\$201,600		\$201,600	
2015 (est.)	\$201,600			\$201,600
<b>FY spending Totals</b>		\$224,227	\$201,600	\$201,600

**C. State Program Management**

Funds from this set-aside will be used to pay salary and costs for the Capacity Development Program Coordinator, and to pay salary and costs for the Public Water Supply Supervision Program which includes the Operator Certification Program. Up to 10% of the capitalization grant can be used for these activities, but available state match can limit the amount spent. Compliance with the match requirements for this set-aside will be demonstrated in the Annual Report. Any balance not used during the program year will be used for continued State Program Management costs in the future.

**State Program Management Set-Aside Spending Plan**

<b>Grant</b>	<b>Amount available</b>	<b>FY2015 Spending</b>	<b>FY2016 Spending</b>	<b>FY2017 Spending</b>
2013 (approximate)	\$153,963	\$153,963		
2014	\$302,400	\$151,200	\$151,200	
2015 (est.)	\$302,400		\$151,200	\$151,200
<b>FY spending Totals</b>		\$305,163	\$302,400	\$151,200

**D. Other Authorized Activities**

Funds will be used to fund regional planning grants, individual planning grants for public community water systems serving populations 1,000 or less and have an ETT score greater than 10, KanCap training, asset management training, capacity development technical assistance, technical assistance with financial planning and rate setting, operator training, development and implementation of an AWOP as a component of the Capacity Development Strategy, development and implementation of a source water protection program as a component of the Capacity Development Strategy, and development of training and reporting tools associated with asset management, rate setting, and TFM surveys.

**Other Authorized Activities Set-Aside Spending Plan**

<b>Grant</b>	<b>Amount available</b>	<b>FY2015 Spending</b>	<b>FY2016 Spending</b>	<b>FY2017 Spending</b>
2013 (approximate)	\$450,597	\$400,000	\$50,597	
2014	\$201,600		\$201,600	
2015 (est.)	\$302,400		\$150,000	\$152,400
<b>FY spending Totals</b>		<b>\$400,000</b>	<b>\$402,197</b>	<b>\$152,400</b>

**SUMMARY OF CAPITALIZATION GRANT USES**

	Estimated FFY 2015
Direct Loan	8,870,400
Administration	403,200
Technical Assistance	201,600
State Program Management	302,400
Other Authorized Activities	302,400
<b>Total</b>	<b>\$10,080,000</b>

## HISTORY OF CREDITS TOWARD FUTURE GRANTS

Year of Capitalization Grant	Technical Assistance Set Aside	State Program Management Set Aside	Administration Set Aside
1997		\$422,071	
1998		\$485,000	
1999		\$485,000	
2000	\$145,717	\$485,000	
2001			\$1,674
2002		\$181,626	\$369,388
2003	\$183,584	\$485,000	
2004	\$190,442		
2005	-\$50,000		-\$371,062
2006	-\$125,422		
2007	-\$60,420		
2008	-\$62,080		
2009	-\$84,500		
ARRA	\$390,000		\$780,000
2010		\$1,660,500	
2011	-\$57,610		-\$25,147
2012	-\$70,380		\$200,000
2013	-\$93,960		
2014			\$201,600
2015			
<b>Totals</b>	<b>\$305,371</b>	<b>\$4,204,197</b>	<b>\$1,156,453</b>

### **X. RATES AND USES OF FEES**

The KPWSLF charges up to three types of fees on loan recipients. Every recipient is charged a onetime 0.25% Loan Origination Fee (LOF) and pays 0.35% service fee on outstanding balances due semiannually (this service fee rate is included in the loan interest rate). For recipients that do not have taxing authority and do not purchase bond insurance for the loan agreement, or at risk cities, an additional one time 1% Financial Integrity Assurance Contract (FIAC) fee is required. The LOF and FIAC fee are typically capitalized in the loan amount, but recipients can make that payment from their own funds if desired.

Fees obtained from the LOF are used to pay for financial reviews and technical assistance in completing loan applications. As of May 31, 2014 there was a balance of \$256,018.70 in the Loan Origination Fee account. The 0.35% service fee on outstanding balances is used to pay for KPWSLF expenses such as accounting services, legal services associated with bonds, and annual bond service fees. The service fee account is also used for non-KPWSLF expenses such as software and computer equipment for the Public Water Supply program, salary, benefits and other operating costs for the Public Water Supply Supervision Program, and annual dues for the

Association of State Drinking Water Administrators and the Western State Water Council. As of May 31, 2014 the balance of the service fee account was \$4,261,750.44. The FIAC fees are transferred to the Kansas Rural Water Finance Authority (KRWFA) to pay for costs of financial monitoring for recipients that enter into a FIAC agreement. As of May 31, 2014 there was a \$5,383.83 balance in the FIAC fee account.

## **XI. CROSS COLLATERALIZATION**

The KPWSLF and KWPCRF have two cross collateralization mechanisms that are explained in detail in the Operating Agreement between KDHE and EPA.

The Master Bond Resolution and KPWSLF and Kansas Water Pollution Control Revolving Fund (KWPCRF) operating agreements allow funds that would normally be transferred to the Master Financing Indenture (MFI) each fiscal year, to be used to remedy a Master Bond Resolution bond payment default situation in the other SRF program. Those funds would then be paid back, without interest, once the defaulting program generates funds that would normally be transferred to the MFI. Transfers of funds due to the cross collateralization mechanism would not involve transfer of capitalization grant funds, only recycled funds. The impact of such a transfer would only affect the expansion of recycled loans until the transfer is repaid. No such transfers are anticipated to be made during the 2015 program year.

The entire MFI is structured as a cross-collateralization mechanism as all interest revenues are pledged to the MFI State Match bonds and all other revenues are pledged to the MFI Leveraged Bonds. The KPWSLF and KWPCRF will maintain and operate the loan programs as separate entities with separate accounting of all loan disbursements, interest revenues, principal revenues, State Match debt service, Leveraged debt service, State Match bond issuance amounts, Leveraged bond issuance amounts, State Match bond proceeds, Leveraged bond proceeds, and any other fund or account established in the MFI.

If cross-collateralization is used to pay debt service on MFI bonds, KDHE accounting will show revenue from one program was needed to pay debt service of the other program. That amount will be treated as a loan (without interest) to be repaid once the borrowing program has available funds in its portion of the Program Equity Fund. In the unlikely event that State Match debt service could not be paid using the corresponding program's portion of interest revenues in the MFI, an amount necessary needed to pay the State Match debt service of the program would be transferred from the corresponding program's Service Fee account to the State Match debt service account (Service Fees are a interest component of the loan repayments). This will assure that the assets of one program are not used, even temporarily, to pay for the other program's State Match debt service.

Furthermore, the MFI will not issue any bonds unless it can show that the program which receives bond proceeds can pay 100% of the debt service of the corresponding bonds (in other words, without using cross-collateralization).

## **XII. CASH DRAW RATIO**

The non set-aside portion of the 2015 capitalization grant will be direct loaned. KDHE will determine which loans receive 2015 capitalization grant funds at the time of disbursement. The estimated 2015 capitalization grant will require a state match of \$2,016,000. The Fund has

\$1,300,000 of State Match that was deposited and disbursed in SFY2014 (used for loan disbursements among 9 municipalities) of which \$1,126,236.40 has designated as State Match to the 2014 capitalization grant. This leaves \$173,763.60 available for State Match of the 2015 capitalization grant. The remaining estimated amount of \$1,842,236.40 needed for the state match of the 2015 capitalization grant will come from bond proceeds that will be obtained and disbursed prior to applying for the grant, therefore the draw ratio for the 2015 capitalization grant will be 100%. Documentation of the state match deposit and spending will be submitted with the 2015 grant application.

### **XIII. PUBLIC REVIEW**

A public hearing on the FY2015 Intended Use Plan and Priority Ranking System was held on June 30, 2014. The draft FY2015 IUP was made available on the KPWSLF web site and all public water suppliers listed on the Project Priority list (Appendix A) were provided written notification of the hearing. The League of Kansas Municipalities, the Kansas Rural Water Association, the Kansas Rural Water Finance Authority, Kansas Municipal Utilities, Wichita State University Environmental Finance Center, and consulting engineers in the state of Kansas were also provided written notification of the hearing. A copy of the meeting notice was published in the Kansas Register. The hearing attendance list and a summary of the hearing are included in Appendix D.

## **Appendix A**

### **Project Priority List**

**2015 Project Priority List**

July 1, 2014

Municipality Name	Project #	Priority Rating	Project Description	Loan Request \$	Accumulative Amount \$	Population Served	Potential PF \$
Mahaska	2867	38	Construct Blending System to Reduce Radium	\$300,000	\$300,000	83	\$90,000.0
Timken	2871	38	Interconnect to Reduce Uranium and Replace Waterlines	\$1,250,000	\$1,550,000	74	\$375,000.0
Hiawatha	2849	38	Water Supply/Treatment Improvements to Reduce Nitrate	\$6,952,500	\$8,502,500	5,086	\$2,085,750
Pretty Prairie	2859	36	WTP for Nitrate Removal, Distribution System and Storage Replacement	\$4,600,000	\$13,102,500	691	\$600,000.0
Norwich	2832	36	New Water Treatment Plant to Remove Nitrates	\$2,500,000	\$15,602,500	490	\$750,000
Brown Co. RWD #2	2839	36	New Wells to meet Compliance with Nitrate MCL	\$2,882,938	\$18,485,438	1,111	\$864,881
Chautauqua Co. RWD #4	2833	30	Connection to consolidate Montgomery Co. RWD #13	\$309,860	\$18,795,298	160	\$92,958
Vermillion	2868	28	Interconnect with Marshall Co. RWD #3, Replace Services, Rehab Storage	\$534,000	\$19,329,298	111	
Oketo	2866	25	Replace Waterline and Interconnect with Washington RWD #1	\$417,000	\$19,746,298	65	
Kansas City BPU	2823	23	Replace Aging Waterlines and Filter Improvements	\$13,000,000	\$32,746,298	146,453	
Johnson Co. RWD #7	2829	15	Waterline to Serve Morning Deer Valley	\$230,000	\$32,976,298	4,537	
Burrton	2870	15	Construct New Well and Transmission Main	\$300,000	\$33,276,298	900	
Johnson Co. RWD #7	2826	15	Alternate Supply Line , Serve unserved area, waterline replacement	\$1,712,676	\$34,988,974	4,537	
Bonner Springs	2798	15	Chlorine Contact Clearwell and Pumps, Morse Ave Loop	\$2,000,000	\$36,988,974	7,314	
Nemaha Co. RWD #3	2856	15	Waterline Replacement	\$2,264,895	\$39,253,869	4,605	
McCracken	2861	13	New Well, Replace Waterlines, Rehabilitate Storage, and New Generator	\$315,000	\$39,568,869	190	
Coffeyville	2875	13	Replace Transmission Main	\$366,960	\$39,935,829	16,262	
Howard	2873	13	Replace Waterlines	\$500,000	\$40,435,829	855	
Almena	2863	13	Storage Rehab, Replace Waterlines and Meters	\$1,285,500	\$41,721,329	403	
Neodesha	2860	13	Intake Structure Replacement, Presedimentation Basins, and Waterlines	\$2,166,000	\$43,887,329	3,663	
Netawaka	2878	11	Waterline Replacement and Storage Rehab	\$624,375	\$44,511,704	143	
Belvue	2858	11	Connect to Pottawatomie Co. RWD #4	\$707,362	\$45,219,066	208	
Ulysses	2874	11	Replace Waterlines	\$939,987	\$46,159,053	6,239	
Jetmore	2876	11	Replace Water Tower and Transmission Main	\$1,269,675	\$47,428,728	887	
Ottawa	2877	11	Redundant Raw Waterline	\$2,900,000	\$50,328,728	15,493	
Butler Co. RWD #6	2817	10	New Stoney Creek Rd Waterline to Increase Pressure	\$200,000	\$50,528,728	3,428	
Bonner Springs	2865	10	Waterline Replacement on Pine Ave	\$270,000	\$50,798,728	7,419	
Butler Co. RWD #5	2807	10	Replace Pumpstation	\$272,000	\$51,070,728	1,450	
Butler Co. RWD #6	2820	10	New Waterline to Increase Pressure to City of Latham	\$350,000	\$51,420,728	3,428	
Butler Co. RWD #6	2822	10	Upgrade Meters to Remote Read	\$400,000	\$51,820,728	3,428	
Reno Co. RWD #1	2853	10	Transmission Main and Pumpstation to Connect to Hutchinson	\$448,420	\$52,269,148	123	

**2015 Project Priority List**

July 1, 2014

Municipality Name	Project #	Priority Rating	Project Description	Loan Request \$	Accumulative Amount \$	Population Served	Potential PF \$
Butler Co. RWD #6	2821	10	Replace Aging SCADA system	\$500,000	\$52,769,148	3,428	
Butler Co. RWD #6	2818	10	Replace Willett Pump Station to Increase Pressure	\$600,000	\$53,369,148	3,428	
Butler Co. RWD #6	2819	10	Replace Beaumont Standpipe	\$700,000	\$54,069,148	3,428	
Franklin Co. RWD #5	2869	10	Replace Standpipes	\$700,000	\$54,769,148	855	
Butler Co. RWD #5	2675	10	Replace VFD and Connect to 2nd Source	\$743,000	\$55,512,148	4,757	
Ottawa Co. RWD #2	2855	10	Replace Storage Tank	\$900,000	\$56,412,148	1,794	
Bonner Springs	2864	10	Waterline Replacement and Looping on Morse and Sheidley	\$1,000,000	\$57,412,148	7,419	
Butler Co. RWD #6	2816	10	Replace Keighley Standpipe	\$1,200,000	\$58,612,148	3,428	
Butler Co. RWD #6	2815	10	New Waterlines and Pumpstations Improvements to Increase Pressures	\$1,500,000	\$60,112,148	3,428	
Cowley Co. RWD # 3	2852	10	Replace Storage and Chlorination Facility	\$1,764,400	\$61,876,548	2,500	
Johnson Co. RWD #7	2730	10	New Water Tower	\$2,973,713	\$64,850,261	4,537	
Chapman	2842	10	New WTP to Remove Iron and New Storage Tank	\$5,500,000	\$70,350,261	1,394	
Johnson Co. RWD #7	2640	10	New Water Tower to Share with Spring Hill	\$6,702,812	\$77,053,073	4,537	
El Dorado/Regional Supply	2802	4	New Water Treatment Plant	\$50,000,000	\$127,053,073	13,021	

Total Potential Principal Forgiveness    \$4,858,589.4

39% of funds on PPL for systems with population of less than 5,000 for entire list

48% of funds on PPL for systems with population of less than 10,000 for entire list

## Appendix B

### Sources and Uses Tables

# Sources and Uses

**For Program year 2015**  
**Amounts as of May 31, 2014**

**Sources:**

Funds Available for Loan Disbursements

<b>Existing</b>	
Recycled Funds Unexpended (repayments, interest earnings)	\$114,114,548
2013 Grant Unexpended - Loans	\$7,419,519
2014 Grant Unexpended - Loans	\$9,172,800
<b>Estimated</b>	
2015 Grant Unexpended - Loans (grant not allotted)	\$9,172,800
State Match Required for 2015 Grant (future bond proceeds based on estimated grant amount)	\$2,013,000
Future Leveraged Bond Proceeds (need not anticipated for 2015, listed only for balancing purposes)	\$72,705,428
<b>Total Sources for Loans</b>	<b>\$214,598,095</b>

Funds Available to be Used for Set-asides and Fees

<b>Existing</b>	
2012 Grant Unexpended -Administration	\$181,617
2013 Grant Unexpended - Administration, Technical Assistance, State Program Management, Other Authorized Activities	\$1,243,490
2014 Grant Unexpended - Administration, Technical Assistance, State Program Management, Other Authorized Activities	\$907,200
SRF Service Fees Unexpended	\$4,261,750
Loan Origination Fees Unexpended	\$256,019
FIAC Fees Unexpended	\$5,384
<b>Estimated</b>	
2015 Grant Unexpended - Administration, Technical Assistance, State Program Management, Other Authorized Activities	\$1,209,600
Future Collection of SRF Service Fees	\$525,000
Future Collection of Loan Origination Fees	\$75,000
Future Collection of FIAC Fees	\$10,000
<b>Total Sources for Set Asides and Fees</b>	<b>\$8,675,060</b>

**Total Sources      \$223,273,155**

**Uses:**

Funds to be Used for Loans

Funds Needed to Meet Existing Loan Commitments	\$87,545,021
Funds Available for Loan Disbursements to Fund 2015 PPL projects	\$127,053,074
<b>Total Uses for Loans</b>	<b>\$214,598,095</b>

Funding Uses for Set Asides and Fees

SRF Administration thru SFY 2017	\$1,198,497
Technical Assistance thru SFY 2017	\$627,427
State Program Management thru SFY 2017	\$787,329
Other Authorized Activities thru SFY 2017	\$928,654
SRF and PWSS Administration from Fees	\$4,786,750
Loan Financial Reviews and Application TA	\$331,019
FIAC Costs	\$15,384
<b>Total Uses for Set Asides and Fees</b>	<b>\$8,675,060</b>

**Total Uses      \$223,273,155**

## **Appendix C**

### **Project Priority System**

**State of Kansas**  
**Kansas Department of Health and Environment**  
**Division of Environment**  
**Bureau of Water**

State Fiscal Year 2015  
Kansas Public Water Supply Loan Fund  
Project Priority System

July 1, 2014

**Kansas Department of Health and Environment**  
**Kansas Public Water Supply Loan Fund**  
**Project Priority System**  
**FY 2015**

**I. INTRODUCTION**

The SDWA and Kansas Statutes establishing the public water supply loan fund require KDHE to develop a project priority system; including ranking criteria to determine which projects should receive loans. In preparing a priority list, the Secretary is required to exclude projects from applicants who have not adopted and implemented water conservation plans consistent with Kansas Water Office guidelines. KDHE is also required to ensure that at least 20% of loan fund monies are made available to communities of less than 5000 people.

**II. PRIORITY RATING CRITERIA**

The priority rating criteria are used to numerically rank projects for potential funding assistance from the Kansas Public Water Supply Loan Fund. State law and the SDWA both provide guidance on factors to be considered when ranking projects.

The SDWA requires priority be given to projects that address the most serious risks to human health, that are necessary to assure compliance with requirements of the SDWA (national primary drinking water regulations) and to assist public water supplies most in need, on a per household basis according to state affordability criteria.

Kansas statutes require KDHE to give consideration to projects consistent with the public water supply regionalization strategies developed in the Kansas Water Plan. Since no regionalization strategies have been proposed, the rating criteria cannot address this issue. However, the rating criteria do award points for system consolidation.

The Bureau of Water will consider the following factors in determining the numerical scores of each project:

- 1) Water quality issues, including compliance with maximum contaminant levels, treatment techniques, aesthetic factors, and unregulated contaminants.
- 2) Consolidation of systems;
- 3) Improvements to reliability;
- 4) State median and applicant household income levels;
- 5) Special categories; and
- 6) KDHE adjustment

### **III. IDENTIFICATION OF POTENTIAL PROJECTS**

Potential projects for inclusion on the project priority list may be identified by public water supply officials, by KDHE, through participation in national needs surveys, through routine inspection and special studies; or by federal, state, or local agencies.

Projects may also be identified by the Secretary of KDHE in accordance with section IV.4 as necessary for correction of an emergency condition.

### **IV. ADMINISTRATIVE PROCEDURES**

KDHE will use the following procedures in administering the priority system.

1. The Bureau of Water will prepare annually, a tentative priority list of all projects to be included in the Intended Use Plan for possible funding during state fiscal year. The tentative Project Priority List (PPL) will include the rank for each project.
2. The Bureau of Water will give public notice of the PPL and hold a minimum of one public hearing to receive comments. The Bureau of Water will provide information upon request, on the detailed calculation of the priority rank of a project.
3. The highest ranking projects equal to the money available will be given the first opportunity to apply for funding.
4. The Secretary of KDHE may amend the PPL and the Intended Use Plan to include a project requested by the Bureau of Water as needed to protect public health, or to meet emergency needs.
5. Projects will be elevated to the PPL for funding based on priority ranking and readiness to proceed.
6. A project must be listed in the PPL prepared by KDHE to receive a loan; unless funded under the emergency provision of IV.4 or the bypass provision of IV.7.
7. If available monies are not used by the projects identified in the PPL, those funds will be made available to the highest ranked projects ready to proceed. This ability to bypass projects is necessary to assure available funds are obligated on a timely basis.
8. Kansas law requires 20% of available loan funds to be made available to public water suppliers that serve less than 5000 people. If available, projects serving less than 5000 people, totaling at least 30% of available loan funds, will be included in the PPL to assure sufficient projects to meet the 20% requirement. Projects from public water suppliers serving less than 5000 population will be indicated on the Project Priority List and may be included in the PPL regardless of priority ranking, if necessary to meet the 20% requirement

## V. PROJECT RATING PROCEDURE

Projects identified in accordance with Section IV, other than projects identified in accordance with section IV.4, will be ranked by the rating system set forth below. The highest point total denotes the highest priority for funding. A separate ranking will be prepared for each project. Projects will receive points, up to the stated maximum, for each applicable category.

### 1. Water quality issues:

Acute MCL or treatment technique violation corrected	Up to 35 points
Chronic MCL or treatment technique violation corrected	Up to 30 points
Impending MCL violation corrected	Up to 20 points
Unregulated contaminant correction	Up to 15 points
Compliance with existing administrative order	Up to 10 points
Secondary MCL correction	Up to 10 points

### 2. Consolidation of two or more water systems 10 points each

### 3. Reliability improvement:

Second source for single source systems	Up to 15 points
Low water pressure (less than 20 psi)	Up to 15 points
Water restrictions in last 3 years	Up to 10 points
Plant rehabilitation	Up to 10 points
Storage (less than 24 hours)	Up to 10 points
Excessive water loss	Up to 10 points
Distribution system looping	Up to 10 points

### 4. Beneficiaries income:

LT 80% of State Median Household Income (SMHI)	3 points
GT 80% of SMHI but LT SMHI	1 point

### 5. Special categories:

Upgrade to meet future regulations	Up to 15 points
Plant expansion	Up to 15 points
Water treatment waste discharges	Up to 15 points
Extend distribution system to unserved area	Up to 15 points

### 6. KDHE point adjustment Up to 35 points

System implements an Asset Management Program	Up to 10 points
---	-----------------

## **BACKGROUND**

The following background is provided to explain the factors KDHE will consider when awarding points under the project rating criteria. For some criteria, water quality issues for example, KDHE will award points up to a maximum value. For other rating criteria, consolidation for example, the points to be awarded are set in the criterion.

### **1. Water Quality Issues**

This group considers a project's ability to correct violations of drinking water standards. Acute MCL and treatment technique violations are those violations which may have an immediate public health impact, or which require public notices to be given under the acute MCL violation provision of the public notification regulations. Only nitrate MCL violations and acute coliform MCL violations are covered by this provision at the present time. Violations of surface water treatment requirements will be included as an acute violation. Chronic MCL violations are those MCL violations which have health impacts over a longer period of time. Projects to provide treatment for an impending violation will also be considered in this category. Generally, an impending violation would be scored if an identifiable plume of contamination was threatening a water source. Secondary MCL violations are violations which cause aesthetic impacts. Existence of an administrative order to correct an MCL violation will also be considered in this category. KDHE will also consider projects providing treatment for unregulated contaminants which may have health impacts under this category. Extensions of distribution systems to areas with documented water quality problems may also receive points under this section.

### **2. Consolidation**

Kansas law requires the department to encourage regional cooperative projects. Up to 10 points will be added for each system to be served by a project. (Two systems, maximum of 20 points)

### **3. Reliability Issues**

Projects which add supplemental sources of water to systems with single sources are important to assure the reliability of a system and will receive points under this category. KDHE will consider the level of water restriction imposed when awarding points under this category. Restrictions on domestic consumption are viewed as more significant than outdoor restrictions. KDHE will also consider efforts made by an applicant to locate and reduce water losses and promote water conservation. Projects which rehabilitate treatment plants, add storage to meet peak needs, and loop dead end lines are also considered to improve reliability. KDHE will give greater weight to projects which correct low pressure problems, when the problems are documented by field measurements.

4. **Beneficiaries Income**

This section allows additional points to be awarded based on the applicant's median household income and the state median household income. Data found on the U.S. Census Bureau web site, will be used for this purpose.

5. **Special Categories**

Projects can receive additional ranking points if they meet any of these special categories.

6. **KDHE point adjustment**

This category allows KDHE to award a maximum of 35 discretionary points when circumstances exist which are not adequately accommodated by the categories described above. These circumstances can include, but are not limited to extra points for systems that utilize asset management programs and complete KanCap board member training classes.

## **Appendix D**

### **Public Participation Summary**

**Wyandotte**—7-105 KA-3645-01 — K-7/K-32 interchange, surfacing, 0.1 mile. (Federal Funds)

**Johnson**—46 KA-2783-01— K-10, eastbound and westbound lanes from the Douglas/Johnson county line to just east of Woodland Road (point of gore for Woodland Road to eastbound K-10 on-ramp); I-35, northbound and southbound lanes from south of 95th Street to 75th Street bridge; crack repair, 17.4 miles. (State Funds)

**Statewide**—24-106 KA-3653-01 — U.S. 24; from 0.392 mile east of Menoken Road to 0.102 mile west of N.W. Rochester Road/N.W. Tyler Avenue; from the Shawnee/Jefferson county line to the intersection with Lecompton Road, crack repair, 15.1 miles. (State Funds)

#### District Two — North Central

**Ellsworth**—27 C-0449-01 — County road, 4.1 miles west and 5.7 miles north of Ellsworth, grading and bridge, 0.2 mile. (Federal Funds)

**McPherson**—59 C-4325-01 — County road, 5.4 miles south and 2.7 miles east of McPherson, grading, bridge and surfacing, 0.2 mile. (State Funds)

**McPherson**—59 C-4326-01 — County road, 5.8 miles south and 3.0 miles east of McPherson, grading, bridge and surfacing, 0.2 mile. (State Funds)

**Ellsworth**—27 C-4364-01 — County road, 0.9 mile west of Kanopolis, grading, bridge and surfacing, 0.2 mile. (State Funds)

**Morris**—177-64 KA-3153-01 — K-177, Bridge #023 (Munker's Creek) on K-177 in Morris County located 6.91 miles south of the Morris/Wabaunsee county line, bridge repair. (State Funds)

#### District Three — Northwest

**Statewide**—106 KA-3058-01 — U.S. 81/U.S. 24 intersection, and western I-70, Intelligent Transportation System. (State Funds)

**Thomas**—97-U 0166-01 — City of Colby (Safe Routes to School), pedestrian and bicycle paths. (Federal Funds)

#### District Four — Southeast

**Miami**—61 C-0326-01 — 223rd Street from 0.25 mile east of Pflumm to 0.10 mile east of Quivira (Phase 2B), grading and surfacing, 0.9 mile. (Federal Funds)

**Allen**—1 C-0388-01 — County road, 3.4 miles west of Humboldt over Owl Creek, bridge replacement, 0.2 mile. (Federal Funds)

**Miami**—61 C-0424-01 — County road, 6.7 miles south and 1.0 mile west of Osawatomie, grading, bridge and surfacing, 0.2 mile. (Federal Funds)

**Elk**—99-25 KA-2060-01 — Bridge #015, 2.1 miles north of the Elk/Chautauqua county line, bridge replacement. (Federal Funds)

#### District Five — South Central

**Butler**—8 C-0317-01 — Shumway Road, 1.5 miles east and 0.1 mile south of Augusta, grading and surfacing, 0.2 mile. (Federal Funds)

**Sedgwick**—87 C-4391-02 — City of Mulvane, pedestrian and bicycle paths. (Federal Funds)

**Cowley**—15-18 KA-2057-01 — Bridges #050 and #051, 0.55 mile and 1.75 miles north of U.S. 166, bridge replacement. (Federal Funds)

**Kingman**—54-48 KA-3158-01 — U.S. 54, bridges #062 and #063 (Smoots Creek) on U.S. 54 located 9.73 miles east of the east junction of U.S. 54/K-14, bridge repair. (State Funds)

**Reno**—50-78 KA-3269-01 — U.S. 50, west junction of U.S. 50/K-61, east to west junction of U.S. 50/K-96, overlay, 5.1 miles. (State Funds)

**Sumner**—81-96 KA-3851-01 — U.S. 81, from the Oklahoma/Kansas state line north to the south city limits of Caldwell, then from the east city limits of Caldwell east to RP#25, crack repair, 24.1 miles. (State Funds)

**Kingman**—54-48 KA-3852-01 — U.S. 54, 4 miles east of the Pratt/Kingman county line at bridge #087, pavement patching, 0.1 mile. (State Funds)

**Sedgwick**—254-87 KA-3853-01 — Bridges #212 and #446 (eastbound and westbound over OKT Railroad and Middle Branch Chisolm Creek), located 0.16 mile east of Oliver Street, bridge repair. (State Funds)

**Sedgwick**—87 KA-3866-01 — U.S. 54, west of Ridge Road to east of Hillside; I-235, east end of Broadway edge wearing surface to the center of the I-135 interchange; K-254, from the center of I-135 interchange to the west end edge wearing surface of the Hydraulic bridge, crack repair, 9.1 miles. (State Funds)

Mike King  
Secretary of Transportation

Doc. No. 042555

#### State of Kansas

### Department of Health and Environment

#### Notice of Hearing

A public hearing will be conducted at 1 p.m. Monday, June 30, in the Azure Conference Room, fourth floor, Curtis State Office Building, 1000 S.W. Jackson, Topeka, to discuss the Kansas Public Water Supply Loan Fund (KPWSLF) 2015 Intended Use Plan (IUP). The Intended Use Plan will make additions to the Project Priority List and include estimates and uses of anticipated capitalization grants from the U.S. Environmental Protection Agency. Copies of the draft IUP can be obtained online at <http://www.kdheks.gov/pws/loan/loanfund.htm>.

Any individual with a disability may request accommodation to participate in the public hearing. Requests for accommodation should be made at least five working days before the hearing by contacting Linda White at 785-296-5514.

Comments may be presented at the hearing or in writing prior to the hearing. Written comments should be addressed to Linda White, KDHE, Bureau of Water, 1000 S.W. Jackson, Suite 420, Topeka, 66612.

Robert Moser, M.D.  
Secretary of Health  
and Environment

Doc. No. 042578

FY2015 IUP  
Summary of Public Hearing  
June 30, 2014

FY2015 IUP Public Hearing  
Attendance List

June 30, 2014

<u>Name</u>	<u>From</u>
William Carr	KDHE
Darrel Plummer	KDHE
Cathy Tucker-Vogel	KDHE
Rose Mary Saunders	Ranson Financial

An informal presentation was made that summarized each section of the 2015 Intended Use Plan. Highlights of the presentation included American Iron and Steel requirements, continued use of post equivalency requirements for new projects, the use of cash basis financial management, the lack of funding line in the PPL, eligibility for principal forgiveness, new short term goals, use of set-asides, and the use of fees.

## **Appendix E**

### **List of Ineligible Projects and Activities**

## **List of Ineligible Projects and Activities**

In accordance with K.A.R. 28-15-56, the following projects and activities are ineligible for participation in the Kansas Public Water Supply Loan Fund.

Dams, or rehabilitation of dams;

Water rights, except if the water rights are owned by a system that is being purchased through consolidation as part of a capacity development strategy;

Reservoirs, except for finished water reservoirs and those reservoirs that are part of the treatment process and are located on the property where the treatment facility is located;

Laboratory fees for monitoring;

Operation and maintenance expenses;

Projects needed mainly for fire protection;

Projects for systems that lack adequate technical, managerial and financial capability, unless assistance will ensure compliance;

Projects for systems in significant non-compliance, unless funding will ensure compliance;

Projects primarily intended to serve future growth.

Source: 40CFR Part 35.3500, 35.3520 (e), and (f)

## **Appendix F**

### **Bond Leveraging**

Year of Bond Issue	Leveraged Bonds Par Amount	State Match Bonds Par Amount	Money Available to Loan Including State Match	Moody's Bond Rating	Fitch Bond Rating	Standard & Poor's Bond Rating
1997	\$42,490,000	\$2,930,000	\$43,793,586	A2	A+	
1998	\$37,615,000	\$2,075,000	\$38,866,142	A2	AA-	
2000	\$46,860,000	\$6,640,000	\$50,299,266	A2	AA	
2002	\$47,705,000	\$4,100,000	\$50,199,333	Aa3	AA	AA+
			\$1,846,927***			
			\$1,835,840***			
			\$327,900***			
2004 New	\$93,255,000	\$3,230,000	\$100,000,000	Aa1	AAA	AAA
2004 Refund	\$73,060,000	\$6,465,000		Aa1	AAA	AAA
Bonds Eliminated by Refunding	-\$75,775,000	-\$6,460,000				
2008	\$31,540,000	\$5,160,000	\$35,930,792	Aaa	AAA	AAA
2009 New	\$31,400,000	\$4,130,000	\$35,156,134	Aaa		AAA
2009 Refund	\$37,510,000			Aaa		AAA
Bonds Eliminated by Refunding	-\$34,385,000	-\$2,545,000				
2010 Refund	\$59,105,000	\$2,405,000			AAA	AAA
Bonds Eliminated by Refunding	-\$87,870,000	-\$2,495,000				
2011	\$49,880,000	\$3,500,000	\$53,000,000		AAA	AAA
Totals	\$352,390,000	\$29,135,000	\$358,255,920			

\*\*\* State Match deposit for 2002, 2003, and partial deposit for 2004 Grant

## **Appendix G**

### **State Match**

