

# Kansas Public Water Supply Loan Fund 2017 Intended Use Plan



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## TABLE OF CONTENTS

I	Introduction .....	1
II	List of KPWSLF Projects .....	2
III	Criteria and Method for Distributing Funds.....	2
IV	Financial Status of the KPWSLF .....	4
V	Interest Rates and Additional Subsidy .....	5
VI	Equivalency Projects .....	6
VII	Short and Long Term Goals of the KPWSLF .....	6
VIII	Recycled Funds .....	7
IX	Description of Non-Project Activities to be Funded.....	7
X	Rates and Uses of Fees .....	11
XI	Cross Collateralization .....	12
XII	Cash Draw Ratio.....	12
XIII	Public Review.....	13

### Appendices

- A. Project Priority List
- B. Sources and Uses Table
- C. Project Priority System
- D. Public Participation Summary
- E. List of Ineligible Projects and Activities
- F. State Match
- G. Cash Flow Analysis Summary

## **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 2017 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 2017 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 2017 capitalization grant will have the same conditions and dollar amounts as the 2016 capitalization grant as it was allotted.

As of June 30, 2016, Kansas had been awarded \$225,300,056 in capitalization grants from FFY 1997 thru FFY 2016.

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 2017 or January 2018.

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 21, 2016, 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 2016 Project Priority List (PPL) to create the 2017 Project Priority List. Nine additional eligible projects for \$38M were submitted for consideration of placement on the 2017 PPL. All projects are listed in order of project ranking and projects with the same ranking are further sorted by increasing project amount. The 2017 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.

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 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.

As of May 31, 2016, the KPWSLF did not have any existing funds available for commitment, in fact, the Fund was over committed by \$6,746,970. Funds do not need to be available at the time of loan commitment, only at the time of loan disbursements. Additional funds will be realized during the program year from the 2017 capitalization grant ( the 2016 capitalization grant was awarded on June 9, 2016) and the state match funds required for the 2017 capitalization grant (estimated \$12M total). KDHE will issue bonds during any program year when funds available for disbursement are projected to reach a shortfall. Funds available for disbursements are currently projected to last throughout the 2017 and 2018 program year.

The PPL lists all eligible and current projects that have been submitted for loan fund consideration. 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 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 dollar amount in loans to be made available from the Fund to public water supply systems with populations less than 5,000 people. The SDWA requires 15% of the total amount available for assistance from the Fund each year to be made available to systems serving less than 10,000 people. These requirements were established to ensure small systems have access to loan funds. Historically, no small system has been denied loan funding due to lack of available funds and KDHE does not anticipate that to change. For the purpose of meeting these requirements the Fund will “plan to make available” funds equal to the cumulative 2017 PPL project total of \$82,181,007. Projects for systems with populations of 5,000 or less represent 26% of the estimated amount of available loan funds in the 2017 IUP and projects for systems that serve less than 10,000 represent 42% of the estimated available loan funds in the 2017 IUP.

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 and managers from both programs attend monthly enforcement meetings. 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 (leveraged 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 2017 capitalization grant. Leveraged bonds are issued according to cash flow needs (cash needed 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 2017 program year, KDHE does not anticipate the need to issue leveraged bonds during the program year as available cash exceeds the estimated amount needed for loan disbursements during the program year, which is \$30M to \$40M.

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 unmodified opinion.

The Leveraged Reserve account, which facilitates the part of the Fund that leverages through a reserve model, contained \$9,252,500 on June 30, 2016 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, 2016, KDHE had 292 loan agreements or offers in place for a total of \$644,310,245.35. Loans have been finalized (projects completed) for 262 of those agreements and 141 of the loans have been repaid in full. Existing loan agreements had a commitment balance amount of \$108,446,391.38 (amount needed to fully disburse existing loans).

For the 2017 PPL, the KPWSLF estimates \$81.9M will be made available for commitment to new loans. The Sources and Uses table in Appendix B shows estimated financial resources and the planned utilization of those resources for the 2017 program year (note values are for disbursement amounts not commitment amounts). The table further separates amounts between loans, set-asides, and fees. The table shows existing loan disbursement sources from recycled and grant funds of \$109M, however to fully disburse all existing loan agreements and potential new loans for all of

the projects on the PPL, \$183M would be needed (total uses for loans). The \$74M shortfall of funds will be reduced by an estimated \$9M when the 2017 capitalization grant is awarded and the associated state match is deposited. The remaining shortfall of \$65M would be obtained by issuing bonds and receiving future recycled funds during the program year – but bonds would only be issued when needed to meet cash flow needs which are not anticipated for 2017.

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 portion of the 2016 capitalization grant and the set aside portions of the 2015 capitalization grant 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 June 2016 and the summary is attached as Appendix G. 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, 2015. This and future annual reports can be found on the KDHE web site [www.kdheks.gov/pws/loansgrants/loanfunddocumentsadministration.html](http://www.kdheks.gov/pws/loansgrants/loanfunddocumentsadministration.html).

## **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 thru 2015 capitalization grants require at least 20% but no more than 30% to be used as additional subsidy and the 2016 capitalization grant requires exactly 20% 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 – but Total Organic Carbon (TOC) MCL violations will not qualify for principal forgiveness), (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), (4) projects that would allow or implement the creation and operation of a Public Wholesale Water Supply District, and (5) projects that replace lead pipe. 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 thru 2015 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. The projects and loans associated with the 2010 and 2011 capitalization grant additional subsidy requirements will be finalized with the exact principal forgiveness amounts during the 2017 program year. The additional subsidy for the 2012 thru 2015 capitalization grants will likely not be provided until the 2018 program year. Possible projects on the 2017 PPL are eligible for an estimated \$2,672,703 in principal forgiveness which would exceed the 2016 capitalization grant required additional subsidy amount of \$1,894,600. It is not known if the 2017 capitalization grant will require additional subsidy.

## **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 on the PPL will actually execute loan agreements, it is not possible to list specific loans that will meet these requirements for the anticipated 2017 capitalization grant. The equivalency project for the 2015 and 2016 capitalization grants is for Public Wholesale Water Supply District # 25 with a loan amount of \$19,878,195 (loan was executed in June 2016). Equivalency 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. 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.
6. Spend down grant funds within 2 years from the date of the grant award for all open and future capitalization grants.
7. Complete capitalization grant applications within 3 months of the establishment of final allotment amounts by EPA.

8. 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, 2016, the Fund had approximately \$101M in recycled funds available for disbursement and anticipates another \$2M to be added during the 2017 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 might also choose to 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 2017 grant. Funds from previous grants and work plans will be spent in addition to (or prior to) the reserved amounts for the 2017 grant. It is KDHE's goal to have approximately 2 years of funds reserved in any set-aside to minimize unliquidated obligations.

For the 2017 capitalization grant the KPWSLF anticipates to reserve 5% for Administration (estimated at \$473,650 and using reserve credits), 2% for Technical Assistance (estimated at \$189,460), 3% (\$284,190) for State Program Management, and 5% (\$473,650) for Other Authorized Activities. These amounts are subject to change once KDHE is provided with the actual 2017 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>FY2017 Spending</b>	<b>FY2018 Spending</b>	<b>FY2019 Spending</b>
2015	\$160,000	\$160,000		
2016	\$568,380	\$290,000	\$278,380	
2017 (est.)	\$473,650		\$171,620	\$302,030
<b>FY spending Totals</b>		\$450,000	\$450,000	\$302,030

**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. Funds from this set aside could also be used to provide assistance in monitoring and analyzing harmful algal blooms.

**Technical Assistance Set-Aside Spending Plan**

<b>Grant</b>	<b>Amount Available</b>	<b>FY2017 Spending</b>	<b>FY2018 Spending</b>	<b>FY2019 Spending</b>
2015	\$200,280	\$200,280		
2016	\$189,460		\$189,460	
2017 (est.)	\$189,460			\$189,460
<b>FY spending Totals</b>		\$200,280	\$189,460	\$189,460

**C. State Program Management**

Funds from this set-aside will be used to pay salary and costs for the Capacity Development Program, 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>FY2017 Spending</b>	<b>FY2018 Spending</b>	<b>FY2019 Spending</b>
2015	\$302,400	\$302,400		
2016	\$284,190		\$284,190	
2017(est.)	\$284,190			\$284,190
<b>FY spending Totals</b>		\$302,400	\$284,190	\$284,190

**D. Other Authorized Activities**

Funds will be used to fund regional planning grants, individual planning grants for community public 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, development and implementation of a harmful algal bloom monitoring and analysis 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>FY2017 Spending</b>	<b>FY2018 Spending</b>	<b>FY2019 Spending</b>
2015	\$100,000	\$100,000		
2016	\$568,380	\$300,000	\$268,380	
2017 (est.)	\$473,650		\$132,380	460,412
<b>FY spending Totals</b>		\$400,000	\$400,000	\$460,412

**SUMMARY OF CAPITALIZATION GRANT USES**

	Estimated FFY 2017
Direct Loan	8,052,050
Administration	473,650
Technical Assistance	189,460
State Program Management	284,190
Other Authorized Activities	473,650
<b>Total</b>	<b>\$9,473,000</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			
2016			-\$189,460
Totals	\$305,371	\$4,204,197	\$966,993

### **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, 2016 there was a balance of \$295,918.70 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, 2016 the balance of the service fee account was \$3,996,278.00. 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, 2016 there was a \$16,201.77 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 2017 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 an 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 2017 capitalization grant will be direct loaned. KDHE will determine which loans receive 2017 capitalization grant funds at the time of disbursement. The

estimated 2017 capitalization grant will require a state match of \$1,894,600. The Fund has \$2,000,000 of State Match that was deposited and disbursed in SFY2016 (used for loan disbursements among 12 loans) of which \$1,523,636.40 was designated as State Match to the 2016 capitalization grant. This leaves \$476,363.60 available for State Match of the 2017 capitalization grant. The remaining estimated amount of \$1,418,236.40 needed for the state match of the 2017 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 2017 capitalization grant will be 100%. Documentation of the state match deposit and spending will be submitted with the 2017 grant application.

### **XIII. PUBLIC REVIEW**

A public hearing on the FY2017 Intended Use Plan and Priority Ranking System was held on June 28, 2016. 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**

**2017 Project Priority List**

July 1, 2016

Municipality Name	Project #	Priority Rating	Project Description	Loan Request \$	Cumulative Amount \$	Population Served	Potential PF \$
Englewood	2880	38	Construct New Wells to Resolve Nitrate Compliance	\$1,000,000	\$1,000,000	77	\$300,000
Pretty Prairie	2914	38	New Water Treatment Plant and Tower to Reduce Nitrates	\$2,417,600	\$3,417,600	681	\$530,280
Public Wholesale WSD # 27	2902	35	Create New PWS for Nitrate Compliance	\$4,360,410	\$7,778,010	1,200	\$1,308,123
Elk City	2912	33	Transmission Main to Connect to New Source	\$1,141,000	\$8,919,010	454	\$342,300
Oketo	2866	25	Replace Waterline and Interconnect with Washington RWD #1	\$417,000	\$9,336,010	65	
Kensington	2881	23	New Well, Disinfection Facility and Transmission Main	\$522,032	\$9,858,042	451	\$120,000
Highland	2918	18	New Water Treatment Plant to Reduce Nitrates	\$1,500,000	\$11,358,042	1,015	
Wellington	2915	16	Waterline Construction to serve Potable Water	\$400,000	\$11,758,042	8,907	
Ottawa Co. RWD #2	2911	15	New Waterline to Connect New Customers	\$240,000	\$11,998,042	1,927	\$72,000
Burrton	2870	15	Construct New Well and Transmission Main	\$300,000	\$12,298,042	900	
Bonner Springs	2798	15	Chlorine Contact Clearwell and Pumps, Morse Ave Loop	\$2,000,000	\$14,298,042	7,314	
Chanute	2882	13	Waterline Loop along 21st St.	\$180,000	\$14,478,042	9,355	
Melvern	2910	13	Waterline Replacement	\$181,335	\$14,659,377	369	
Chanute	2883	13	Waterline Loop along 35th Rd.	\$225,000	\$14,884,377	9,355	
Goessel	2924	13	Replace Waterlines and Meters	\$400,000	\$15,284,377	518	
Cambridge	2919	13	Replace Deteriorating Waterlines	\$500,000	\$15,784,377	83	
Chanute	2884	13	New Intake and Pump Station at Santa Fe Lake	\$1,000,000	\$16,784,377	9,355	
Yates Center	2887	13	WTP Rehabilitation	\$1,500,000	\$18,284,377	3,942	
Cowley Co. RWD #7	2913	11	Cowley Co. RWD # 7	\$75,000	\$18,359,377	250	
Edgerton	2903	11	Replace Meters with AMR system	\$300,000	\$18,659,377	1,703	
Newton	2905	11	Tower Rehabilitation at Medical Center, High School, and Spencer	\$1,035,000	\$19,694,377	19,120	

Continued on next page

**2017 Project Priority List**

July 1, 2016

Municipality Name	Project #	Priority Rating	Project Description	Loan Request \$	Cumulative Amount \$	Population Served	Potential PF \$
Jetmore	2876	11	Replace Water Tower and Transmission Main	\$1,269,675	\$20,964,052	887	
Baldwin City	2896	11	Waterline Replacement	\$1,476,955	\$22,441,007	6,374	
Newton	2888	11	Water Storage Rehabilitation	\$1,985,000	\$24,426,007	19,177	
Liberal	2909	11	New Wells and Waterlines	\$2,000,000	\$26,426,007	24,098	
Newton	2908	11	New Tower for East Pressure Zone	\$2,300,000	\$28,726,007	19,120	
Ellis	2899	11	New Wells for Drought	\$4,000,000	\$32,726,007	2,090	
Newton	2906	11	Hillside Rd Waterline and replace 3.8MG Ground Storage Tank	\$4,050,000	\$36,776,007	19,120	
Newton	2907	11	Spencer Rd, Main Street, and 1st Street Waterlines	\$4,650,000	\$41,426,007	19,120	
Salina	2917	11	South Wellfield and Water Treatment Plant Improvements	\$31,700,000	\$73,126,007	48,710	
Bucklin	2904	10	Replace Meters	\$115,000	\$73,241,007	803	
Sumner Co. RWD #4	2916	10	Install Automated Meter Reading System	\$240,000	\$73,481,007	1,277	
Bonner Springs	2898	10	Waterline Replacement on Morse Ave	\$420,000	\$73,901,007	7,480	
Bonner Springs	2897	10	Waterline Replacement on 134th St	\$480,000	\$74,381,007	7,480	
Lyon Co. RWD #1	2920	10	Replace Deteriorating Waterlines	\$500,000	\$74,881,007	1,924	
Lyon Co. RWD #4	2921	10	Replace Pumpstation	\$500,000	\$75,381,007	980	
Bonner Springs	2864	10	Waterline Replacement and Looping	\$1,300,000	\$76,681,007	7,419	
Butler Co. RWD #5	2891	10	Connect to New Source	\$5,500,000	\$82,181,007	6,227	

Total Potential Principal Forgiveness    \$2,672,703.0

26% of funds on PPL for systems with population of less than 5,000 for entire list

42% of funds on PPL for systems with population of less than 10,000 for entire list

## Appendix B

### Sources and Uses Table

# Sources and Uses

For Program year 2017  
Amounts as of May 31, 2016

## Sources:

### Funds Available for Loan Disbursements

#### Existing

Recycled Funds Unexpended (repayments, interest earnings)	\$101,699,420
2016 Grant Unexpended - Loans	\$7,862,590

#### Estimated

2017 Grant Unexpended - Loans (grant not allotted)	\$8,052,050
State Match Required for 2017 Grant (future bond proceeds based on estimated grant amount)	\$1,418,236
Future Leveraged Bond Proceeds (need not anticipated for 2017, listed only for balancing purposes)	\$69,212,994
Future Recycled Funds	\$2,382,108

**Total Sources for Loans \$190,627,398**

### Funds Available to be Used for Set-asides and Fees

#### Existing

2014 Grant Unexpended -State Program Management, Technical Assistance	\$118,814
2015 Grant Unexpended - Administration, Technical Assistance, State Program Management, Other Authorized Activities	\$798,335
2016 Grant Unexpended - Administration, Technical Assistance, State Program Management, Other Authorized Activities	\$1,610,410
SRF Service Fees Unexpended	\$4,088,408
Loan Origination Fees Unexpended	\$296,819
FIAC Fees Unexpended	\$16,201

#### Estimated

2017 Grant Unexpended - Administration, Technical Assistance, State Program Management, Other Authorized Activities	\$1,420,950
Future Collection of SRF Service Fees	\$500,000
Future Collection of Loan Origination Fees	\$40,000
Future Collection of FIAC Fees	\$10,000

**Total Sources for Set Asides and Fees \$8,899,937**

**Total Sources \$199,527,335**

## Uses:

### Funds to be Used for Loans

Funds Needed to Meet Existing Loan Commitments	\$108,446,391
Funds Needed for Loan Disbursements to Fund 2017 PPL projects	\$82,181,007

**Total Uses for Loans \$190,627,398**

### Funding Uses for Set Asides and Fees

SRF Administration thru SFY 2019	\$1,211,410
Technical Assistance thru SFY 2019	\$580,987
State Program Management thru SFY 2019	\$987,289
Other Authorized Activities thru SFY 2019	\$1,168,823
SRF and PWSS Administration from Fees	\$4,588,408
Loan Financial Reviews and Application TA	\$336,819
FIAC Costs	\$26,201

**Total Uses for Set Asides and Fees \$8,899,937**

**Total Uses \$199,527,335**

## **Appendix C**

### **Project Priority System**

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

State Fiscal Year 2017  
Kansas Public Water Supply Loan Fund  
Project Priority System

July 1, 2016

**Kansas Department of Health and Environment**  
**Kansas Public Water Supply Loan Fund**  
**Project Priority System**  
**FY 2017**

**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 priority list of all projects to be included in the Intended Use Plan for possible funding during state fiscal year. The 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. If the PPL includes a funding line based on estimated money available, the highest ranking projects equal to the money available will be given the first opportunity to apply for funding. If there is no funding line in the PPL all projects will have an 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. 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.6.
6. If projects above the funding line (if there is a funding line) in the PPL fail to apply for or execute loans, those funds will be made available to the highest ranked projects ready to proceed that are below the funding line. This ability to bypass projects is necessary to assure available funds are obligated on a timely basis.
7. 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 above the funding line 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 placed above the funding line (if a funding line exists) 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
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## **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**

agement Section for agricultural-related draft documents or applications, or to the Technical Services Section for all other permits, at the Kansas Department of Health and Environment, Division of Environment, Bureau of Water, 1000 S.W. Jackson St., Suite 420, Topeka, KS 66612-1367.

All comments regarding the draft documents or application notices received on or before June 25, 2016, will be considered in the formulation of the final determinations regarding this public notice. Please refer to the appropriate Kansas document number (KS-AG-16-077/080, KS-AG-R-16-015/016, KS-Q-16-055/056) and name of the applicant/permittee when preparing comments.

After review of any comments received during the public notice period, the secretary of Health and Environment will issue a determination regarding final agency action on each draft document/application. If response to any draft document/application indicates significant public interest, a public hearing may be held in conformance with K.A.R. 28-16-61 (28-46-21 for UIC).

All draft documents/applications and the supporting information including any comments received are on file and may be inspected at the offices of the Kansas Department of Health and Environment, Bureau of Water. These documents are available upon request at the copying cost assessed by KDHE. Application information and components of plans and specifications for all new and expanding swine facilities are available on the Internet at <http://www.kdheks.gov/feedlots>. Division of Environment offices are open from 8 a.m. to 5 p.m., Monday through Friday, excluding holidays.

Susan Mosier, M.D.  
Secretary of Health  
and Environment

Doc. No. 044565

## State of Kansas

### Department of Health and Environment

#### Request for Comments

The Kansas Department of Health and Environment (KDHE) is soliciting comments regarding a proposed air quality operating permit. City of Beloit – Beloit Municipal Power Plant has applied for a Class I operating permit renewal in accordance with the provisions of K.A.R. 28-19-510 et al. The purpose of a Class I permit is to identify the sources and types of regulated air pollutants emitted from the facility; the emission limitations, standards and requirements applicable to each source; and the monitoring, record keeping and reporting requirements applicable to each source as of the effective date of permit issuance.

City of Beloit – Beloit Municipal Power Plant, P.O. Box 567, Beloit, KS 67420, owns and operates a municipal power plant located at 215 S. Chestnut, Beloit, KS 67420.

A copy of the proposed permit, permit application, all supporting documentation, and all information relied upon during the permit application review process are available for public review during normal business hours, 8 a.m. to 5 p.m., at the KDHE, Bureau of Air, 1000 S.W. Jackson, Suite 310, Topeka, and at the KDHE North Central District Office, 2501 Market Place, Suite D, Salina. To

obtain or review the proposed permit and supporting documentation contact Amid Paudyal, 785-296-0912, at the KDHE central office or Joshua Webb, 785-827-9639, at the KDHE North Central District Office. The standard departmental cost will be assessed for any copies requested.

Written comments or questions regarding the proposed permit may be directed to Amid Paudyal, KDHE, Bureau of Air, 1000 S.W. Jackson, Suite 310, Topeka, KS 66612-1366. In order to be considered in formulating a final permit decision, written comments must be received no later than noon Monday, June 27, 2016.

A person may request a public hearing be held on the proposed permit. The request for a public hearing shall be in writing and set forth the basis for the request. The written request must be submitted to Amid Paudyal, KDHE, Bureau of Air, no later than noon Monday, June 27, 2016, in order for the secretary of Health and Environment to consider the request.

The U.S. Environmental Protection Agency has a 45-day review period, which will start concurrently with the public comment period, within which to object to the proposed permit. If the EPA has not objected in writing to the issuance of the permit within the 45-day review period, any person may petition the administrator of the EPA to review the permit. The 60-day public petition period will directly follow the EPA's 45-day review period. Interested parties may contact KDHE to determine if the EPA's 45-day review period has been waived.

Any such petition shall be based only on objections to the permit that were raised with reasonable specificity during the public comment period provided for in this notice, unless the petitioner demonstrates that it was impracticable to raise such objections within such period, or unless the grounds for such objection arose after such period. Contact Ward Burns, U.S. EPA, Region 7, Air Permitting and Compliance Branch, 11201 Renner Blvd., Lenexa, KS 66219, 913-551-7960, to determine when the 45-day EPA review period ends and the 60-day petition period commences.

Susan Mosier, M.D.  
Secretary of Health  
and Environment

Doc. No. 044562

## State of Kansas

### Department of Health and Environment

#### Notice of Hearing

A public hearing will be conducted at 1 p.m. Tuesday, June 28, 2016, in the Azure Conference Room, fourth floor, Curtis State Office Building, 1000 S.W. Jackson St., Topeka, to discuss the Kansas Public Water Supply Loan Fund (KPWSLF) 2017 Intended Use Plan (IUP). The Intended Use Plan will make additions to the Project Priority List and will 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 [www.kdheks.gov/pws/loansgrants/loanfund-documentsadministration.html](http://www.kdheks.gov/pws/loansgrants/loanfund-documentsadministration.html).

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 can 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 St., Suite 420, Topeka, KS 66612.

Susan Mosier, M.D.  
Secretary of Health  
and Environment

Doc. No. 044572

## State of Kansas

### Attorney General

#### Opinion 2016-1

**Re: Criminal Procedure—Offender Registration—Registration of Offender; Duties of Sheriff**

**Criminal Procedure—Offender Registration—Duties of Offender Required to Register January 21, 2016**

**Synopsis:** The Kansas Offender Registration Act requires the registering law enforcement agency to register and verify registration of civilly committed sexually violent predators receiving care and treatment and residing at a special hospital located in the county. Cited herein: K.S.A. 2015 Supp. 22-4901; 22-4902; 22-4905; 59-29a02; 59-29a07; and K.S.A. 65-425. AEA

#### Opinion 2016-2

**Re: Counties and County Officers—County Attorney—Duties**

**Counties and County Officers—County Attorney—Absence or Disability; Appointment by Court**

**Counties and County Officers—County Attorney—County Commissioners Authorized to Hire Additional Counsel**

**Courts—District Courts—County Commissioners Responsible for Certain Expenses of District Court Operations February 17, 2016**

**Synopsis:** When a board of county commissioners appoints an acting county attorney pursuant to K.S.A. 19-723, the county compensates such attorney from its general funds. When a court appoints an acting county attorney pursuant to K.S.A. 19-711, the county, with the cooperation of the chief judge, compensates such attorney from the funds for the operation of the district court if the county has not adopted a different system. Cited herein: K.S.A. 19-702; 19-706b; 19-711; 19-723; 20-348; K.S.A. 2015 Supp. 20-349. JLA

#### Opinion 2016-3

**Re: State Departments; Public Officers and Employees—Public Officers and Employees—Kansas Open Meetings Act; Meetings of State and Subdivisions Open to Public; Exceptions; Closed or Executive Meetings**

**Labor and Industries—Workers Compensation—Workers Compensation and Employment Security Boards Nominating Committee; Meetings Required to Be Open March 1, 2016**

**Synopsis:** Whether the Kansas Open Meetings Act applies to a specific body is a fact specific determination. If the Workers Compensation and Employment Security Boards Nominating Committee is a public agency subject to the Kansas Open Meetings Act, it may not recess into closed or executive session to interview and/or discuss the applicants for workers compensation administrative law judges, workers compensation appeals board members, or employment security board of review members because such applicants are not personnel within the meaning of the Kansas Open Meetings Act. Cited herein: K.S.A. 2015 Supp. 44-551; K.S.A. 44-555c; K.S.A. 44-709; K.S.A. 75-4317; K.S.A. 75-4319; K.S.A. 75-5708. CLW

#### Opinion 2016-4

**Re: Cities and Municipalities—Buildings, Structures and Grounds—Development and Redevelopment of Areas in and Around Cities—Definitions; Base Year Assessed Valuation; Revision of Base Year Assessed Valuation; Taxing Subdivision and Real Property Taxes Defined; Assessment and Distribution of Taxes; Pledge of Proceeds of Bonds March 2, 2016**

**Synopsis:** The Tax Increment Finance Act does not require or authorize the “base year assessed valuation” as defined in K.S.A. 2015 Supp. 12-1770a(b) to be revised when a taxpayer obtains a reduction in the assessed valuation of such taxpayer’s real property for the year in which the redevelopment district was established.

If the “base year assessed valuation” is not revised, a city may adopt a redevelopment project plan or an ordinance that specifies that the percentage or amount of increment pledged from the redevelopment district will be calculated using an adjusted base value that is higher than the “base year assessed valuation.” Cited herein: K.S.A. 2015 Supp. 12-1770; 12-1770a; 12-1771; 12-1774; 12-1775; Kan. Const. Art. 11, § 5. AEA

#### Opinion 2016-5

**Re: State Departments; Public Officers and Employees—Firearms—Personal and Family Protection Act; Employees Permitted to Carry March 25, 2016**

**Synopsis:** A public school district employee without a Kansas concealed carry license violates the Gun-Free School Zones Act by carrying a concealed handgun inside a school zone unless a federal statutory exception applies, notwithstanding the Kansas law that allows public school districts to permit concealed carry by school employees inside school buildings. Cited herein: K.S.A. 2015 Supp. 21-6301; 21-6302; 75-7c03; 75-7c05; K.S.A. 2012 Supp. 75-7c10; K.S.A. 2015 Supp. 75-7c10; 75-7c20. SF

#### Opinion 2016-6

**Re: State Boards, Commissions and Authorities—State Lottery—Kansas Expanded Lottery Act; Lottery Gaming Facilities; Gaming Facility Management Contract Requirements; Privilege Fees; Breach of Contract April 22, 2016**

**Synopsis:** A racetrack gaming facility in Sedgwick County, after the referendum vote against the placement of electronic gaming machines (EGMs) in the county, is a “similar gaming facility” as used in Paragraph 30 of the

(continued)

FY2017 IUP  
Summary of Public Hearing  
June 28, 2016

FY2017 IUP Public Hearing  
Attendance List

June 28, 2016

<u>Name</u>	<u>From</u>
William Carr	KDHE

No one from the public attended the meeting.

## **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**

### **State Match**



## **Appendix G**

### **Cash Flow Analysis Summary**

	A	B	C	D	E	F	G	I	K	M	N	O	P	Q	R
1	Kansas Development Finance Authority														
2	Kansas Public Water Supply Revolving Loan Fund														
3	Projected Coverage											Prepayments \$ 38,609,048			
4															
5															
6	Projected Revenue Coverage														
7															
8	Period	Loan Interest		Interest	BAB Subsidy	State Match Bonds	Surplus	State Match DS	Loan Principal	Leveraged Bonds	Periodic	Leveraged DS	Leveraged DS	LRF	Coverage
9	Ending	Payments	Admin Fee	Earnings	Payment	Debt Service	W/ BAB paymt.	Coverage	Payments	Debt Service	Surplus	w/ BAB Paymt.	w/o BAB Paymt.	Draws	Including and LRF Draws
10	04/01/16*														
11	10/1/2016	1,379,084	145,833	701,001	258,748	49,356	2,289,477	50.34 : 1	2,995,230	793,220				-	
12	4/1/2017	1,327,119	140,438	713,281	258,748	1,149,356	1,149,792	2.12 : 1	3,050,979	793,220	7,899,038	6.16 : 1	5.65 : 1	-	6.16 : 1
13	10/1/2017	1,274,182	134,942	710,586	258,748	35,606	2,207,910	66.80 : 1	3,107,771	793,220				-	
14	4/1/2018	1,220,256	129,344	708,535	258,748	990,606	1,196,933	2.34 : 1	3,165,624	793,220	8,091,798	6.27 : 1	5.77 : 1	-	6.27 : 1
15	10/1/2018	1,165,321	123,642	705,822	258,748	22,475	2,107,416	100.27 : 1	3,224,559	793,220				-	
16	4/1/2019	1,109,359	117,834	703,724	258,748	1,132,475	939,357	1.93 : 1	3,284,597	793,220	7,969,489	6.18 : 1	5.70 : 1	-	6.18 : 1
17	10/1/2019	1,052,350	111,918	701,001	258,748	7,213	2,004,887	294.49 : 1	3,233,127	793,220				-	
18	4/1/2020	996,451	106,089	703,668	258,748	342,213	1,616,655	6.03 : 1	3,281,617	793,220	8,549,847	6.53 : 1	6.06 : 1	-	6.53 : 1
19	10/1/2020	939,724	100,172	701,001	258,748	2,188	1,897,286	914.12 : 1	3,219,941	793,220				-	
20	4/1/2021	884,225	94,359	703,595	258,748	142,188	1,704,381	13.65 : 1	3,188,275	793,220	8,423,443	6.43 : 1	5.98 : 1	-	6.43 : 1
21	10/1/2021	829,387	88,599	701,001	258,748		1,789,136		3,246,975	793,220				-	
22	4/1/2022	773,536	82,733	703,547	258,748		1,735,831		3,286,898	4,593,220	4,672,401	1.90 : 1	1.77 : 1	-	1.90 : 1
23	10/1/2022	717,040	76,793	701,001	228,999		1,647,040		3,279,702	702,020				-	
24	4/1/2023	660,803	70,863	708,544	228,999		1,598,345		3,284,801	5,852,020	3,255,848	1.52 : 1	1.43 : 1	-	1.52 : 1
25	10/1/2023	604,664	64,920	415,085	187,841		1,207,590		3,329,170	575,845				-	
26	4/1/2024	547,788	58,896	436,797	187,841		1,172,426		3,364,501	7,770,845	726,997	1.10 : 1	1.04 : 1	-	1.10 : 1
27	10/1/2024	490,364	52,806	434,088	129,165		1,053,618		3,394,407	395,970				-	
28	4/1/2025	432,477	46,661	454,714	129,165		1,016,356		2,819,842	7,395,970	492,282	1.08 : 1	1.03 : 1	-	1.08 : 1
29	10/1/2025	384,825	41,517	451,969	70,939		907,733		2,743,311	217,470				-	
30	4/1/2026	338,459	36,503	241,236	70,939		650,633		2,787,260	7,052,470	(181,002)	.99 : 1	.96 : 1	181,002.39	1.01 : 1
31	10/1/2026	291,348	31,408	235,229	12,970		539,547		2,769,408	39,760				-	
32	4/1/2027	244,566	26,341	2,377	12,970		259,913		2,402,764	459,760	5,472,111	12.07 : 1	11.90 : 1	-	12.07 : 1
33	10/1/2027	204,475	21,978	415	9,134		214,024		2,106,112	28,000				-	
34	4/1/2028	169,179	18,131	1,790	9,134		180,103		2,036,560	373,000	4,135,799	11.41 : 1	11.27 : 1	-	11.41 : 1
35	10/1/2028	134,954	14,403	415	5,983		141,351		1,815,309	18,340				-	
36	4/1/2029	104,156	11,058	1,578	5,983		111,717		1,138,337	673,340	2,515,034	4.67 : 1	4.62 : 1	-	4.67 : 1
37	10/1/2029	83,827	8,896				83,827		954,259					-	
38	4/1/2030	66,406	7,053	623			67,029		873,637		1,978,752			-	
39	10/1/2030	50,586	5,383				50,586		861,003					-	
40	4/1/2031	35,011	3,733	547			35,558		754,501		1,701,648			-	
41	10/1/2031	21,579	2,305				21,579		642,939					-	
42	4/1/2032	10,558	1,128	399			10,957		623,130		1,298,605			-	
43	10/1/2032													-	
44	4/1/2033													-	
45	10/1/2033													-	
46	4/1/2034													-	
47	10/1/2034													-	
48	4/1/2035													-	
49	10/1/2035													-	
50	4/1/2036													-	
51	10/1/2036													-	
52	4/1/2037													-	
53	10/1/2037													-	
54	4/1/2038													-	
55	10/1/2038													-	
56	4/1/2039													-	
57		18,544,059	1,976,679	12,543,568	4,395,039	3,873,675	31,608,991		80,266,548	44,873,450					181,002
58	* Post 4/1/16 Debt Service Payments														

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	
1	Kansas Development Finance Authority																						
2	MFI Bonds - DW																						
3	Cashflow Analysis																						
4																							
5																							
6																							
7	Projected Revenue Coverage																						
8	MFI DW																						
9	Period	Loan Interest	MFI DW	MFI DW	Portion of Excess	State Match	MFI DW	Transfer from	Revenue Fund	MFI DW	Portion of Excess	Leveraged	MFI DW	MFI DW	w-Govt. Int. Subs.	w-Govt. Int. Subs.	w-Govt. Int. Subs.	w-Govt. Int. Subs.					
10	Ending	Repayments	Admin Fee	Earnings	RPWS Payments Avail for SM	Government Int. Subsidy	State Match Debt Service	Interest Acct to Principal Acct.	Principal Beg Balance	Loan Principal Repayments	Lev. Bonds Capitalized Int	Avail for Lev.	Government Int. Subsidy	Lev. Bonds Debt Service	Periodic Surplus	Annual Surplus	SM Coverage	SM Coverage	Annual Lev Coverage	Annual Lev Coverage	Annual Lev Coverage	Annual Lev Coverage	
11	9/1/2016	657,569	115,463	350,516	2,326,380			13,950	3,320,516	1,828,464	1,447,032	5,303,720		2,068,410									
12	3/1/2017	918,743	157,753	269,326			3,429,006		6,510,806	1,997,889	1,997,889	178,671		6,308,410	3,971,696				1.31 : 1	1.31 : 1	1.46 : 1	1.46 : 1	
13	9/1/2017	920,320	158,519	197,532	3,439,268			4,557,121	5,304,097	2,070,738	2,070,738	5,227,269		1,993,910									
14	3/1/2018	1,003,110	174,458	134,215				1,137,324	7,209,990	3,301,736	3,301,736	4,821,776		7,138,910	13,396,510						2.21 : 1	2.21 : 1	
15	9/1/2018	1,333,976	227,176	92,776	3,404,844			4,831,595	7,986,014	5,028,534	5,028,534	4,825,265		1,867,785									
16	3/1/2019	1,351,845	231,197	27,567				1,379,412	4,366,928	3,148,669	3,148,669	4,922,716		9,567,785	10,066,929							1.68 : 1	1.68 : 1
17	9/1/2019	1,320,155	225,752	0	3,046,773			4,366,928	1,291,902	6,365,100	3,186,251	4,922,716		1,706,285									
18	3/1/2020	1,288,083	200,242	3,819				1,291,902	4,892,265	3,224,286	3,224,286	4,928,305		10,896,285	6,466,175							1.34 : 1	1.34 : 1
19	9/1/2020	1,255,624	214,666	15,099	3,621,542			4,892,265	1,241,863	6,652,556	3,262,779	5,322,000		1,500,035									
20	3/1/2021	1,222,773	209,024	19,099	3,601,607			1,241,863	4,824,928	3,301,736	3,301,736	4,821,776		10,725,035	7,248,153							1.44 : 1	1.44 : 1
21	9/1/2021	1,189,526	203,314	33,734				4,824,928	1,193,725	6,853,742	3,341,162	1,147,433		1,269,770									
22	3/1/2022	1,155,878	197,536	37,846				1,193,725	4,695,379	3,381,063	3,381,063	1,147,433		11,969,770	5,914,405							1.32 : 1	1.32 : 1
23	9/1/2022	1,121,824	191,689	48,587	3,524,968			4,695,379	1,138,061	3,524,739	3,421,445	1,147,433		1,003,758									
24	3/1/2023	1,087,359	185,772	50,702				1,138,061	4,363,306	3,431,932	3,431,932	1,046,3		7,963,758	6,197,085							1.54 : 1	1.54 : 1
25	9/1/2023	1,052,478	179,784	65,443	3,245,385			4,363,306	1,084,481	2,577,838	3,455,332	1,046,3		864,558									
26	3/1/2024	1,017,491	173,778	66,990				1,084,481	1,786,819	3,455,332	3,455,332	554,750		8,019,558	4,679,519							1.39 : 1	1.39 : 1
27	9/1/2024	982,265	167,732	77,558	726,997			1,786,819	1,026,169	3,329,897	3,538,375	554,750		721,458									
28	3/1/2025	946,613	161,613	79,556				1,026,169	1,503,156	3,584,169	3,584,169	522,000		3,171,458	7,560,605							2.67 : 1	2.67 : 1
29	9/1/2025	910,531	155,421	100,342	492,282			1,503,156	976,445	3,433,711	3,515,340	522,000		672,458									
30	3/1/2026	874,043	149,159	102,402				976,445	953,692	3,557,326	3,557,326	6,397,258		5,102,458	5,303,231							1.75 : 1	1.75 : 1
31	9/1/2026	838,208	143,007	115,484				953,692	923,047	9,370,726	3,572,566	6,397,258		838,858									
32	3/1/2027	801,941	136,782	121,106				923,047	1,702,936	7,860,169	3,615,275	4,672,651		8,388,858	7,294,821							1.72 : 1	1.72 : 1
33	9/1/2027	765,483	130,530	137,993	799,460			1,702,936	871,294	7,860,169	3,658,500	4,672,651		427,758									
34	3/1/2028	728,585	124,203	142,709				871,294	1,248,175	7,147,662	3,702,247	3,741,672		7,002,758	7,772,633							1.95 : 1	1.95 : 1
35	9/1/2028	691,240	117,801	162,808	394,127			1,248,175	820,541	7,147,662	3,746,522	3,741,672		296,258									
36	3/1/2029	653,444	111,322	167,097				820,541	1,054,891	6,565,920	3,791,332	2,953,646		6,156,258	7,332,024							2.05 : 1	2.05 : 1
37	9/1/2029	615,191	104,766	186,632	253,068			1,054,891	767,047	6,565,920	3,836,682	2,953,646		179,058									
38	3/1/2030	576,476	98,131	190,571				767,047	899,526	5,633,407	3,882,580	1,827,897		5,154,058	7,452,436							2.33 : 1	2.33 : 1
39	9/1/2030	537,292	91,417	211,378	150,856			899,526	712,392	5,633,407	3,929,033	1,827,897		77,070									
40	3/1/2031	497,633	84,622	214,758				712,392	781,013	5,633,407	3,976,047	1,827,897		3,747,070	7,680,396							2.94 : 1	2.94 : 1
41	9/1/2031	457,496	77,746	237,374	86,144			781,013	657,601	5,591,551	4,023,628	1,615,504											
42	3/1/2032	416,872	70,788	240,729				657,601	684,355	5,591,551	4,071,785	1,615,504											
43	9/1/2032	375,757	63,747	276,062	32,535			684,355	613,409	5,337,854	4,120,523	1,266,070											
44	3/1/2033	334,144	56,621	279,265				613,409	605,736	5,337,854	4,167,597	1,266,070											
45	9/1/2033	292,028	49,411	313,709				605,736	565,652	4,167,597	4,096,010	1,266,070											
46	3/1/2034	249,442	42,118	316,209				565,652	554,334	4,167,597	3,683,482	1,266,070											
47	9/1/2034	207,603	34,949	346,731				554,334	518,704	3,683,482	3,445,183	1,266,070											
48	3/1/2035	169,762	28,503	348,941				518,704	508,611	3,097,309	3,097,309	1,266,070											
49	9/1/2035	133,174	22,283	375,437				508,611	477,779	3,097,309	2,713,678	1,266,070											
50	3/1/2036	100,484	16,830	377,295				477,779	470,882	2,352,501	2,352,501	1,266,070											
51	9/1/2036	71,654	12,067	399,228				470,882	448,492	2,352,501	1,564,237	1,266,070											
52	3/1/2037	47,852	8,102	400,639				448,492	447,871	1,507,917	1,507,917	1,266,070											
53	9/1/2037	31,716	5,365	416,154				447,871	433,116	1,507,917	1,507,917	1,266,070											
54	3/1/2038	16,057	2,726	417,059				433,116	429,185	1,507,917	1,507,917	1,266,070											
55	9/1/2038			429,185				429,185	429,185			858,369											
56	3/1/2039			429,185				429,185				858,369											
57		31,219,741		9,026,840	20,146,295			3,442,956	68,190,857		149,600,897	34,917,065		126,544,850									
58	3/1/2015 Principal and Interest Repayments include the respective fund beginning balances.																						