

KANSAS PUBLIC WATER SUPPLY CAPACITY DEVELOPMENT PROGRAM

Annual Report

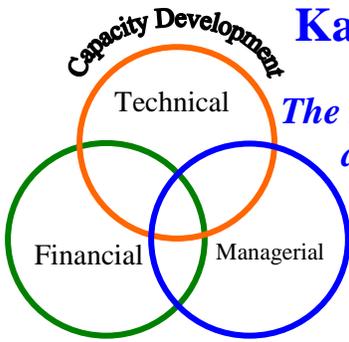
For
State Fiscal Year 2013 Activities
October 25, 2013
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Kansas Department of Health and Environment
Division of Environment
Bureau of Water
Public Water Supply Section

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Kansas Capacity Development Program Mission



The Kansas Capacity Development Program provides training, technical, assistance, and financial planning assistance to help public water supply systems achieve and maintain the technical, financial and managerial capabilities needed to protect the health of the citizens they serve.

INTRODUCTION

This report is provided as required by Section 1420 of the 1996 Amendments to the Safe Drinking Water Act and to comply with EPA drinking water revolving loan fund Capitalization Grant requirements. Information is provided on activities conducted to implement the Kansas Capacity Development Assurance Program during State Fiscal Year 2013, for the 2014 grant.

The Kansas Capacity Development Assurance Program consists of two components: 1) New System Capacity Assurance reviews and permitting; and 2) Implementation of the Capacity Development Strategy for Existing Public Water Supply Systems. This report is organized by these two components. A copy of the Kansas Capacity Development Strategy and Report of Findings is available on the KDHE webpage: <http://www.kdheks.gov/pws/capdev.html>.

NEW SYSTEM REVIEWS

During SFY 2013, no new system permit applications were submitted to the Kansas Department of Health and Environment (KDHE) for review. One new system permit was issued. New system permit reviews continue for applications received in previous years. The status of the permit reviews is listed in Table 1.

Table 1 – New System Permit Review Status

Public Water Supply System	Status
Great Plains Development Authority	Permit Issued – SFY 2013 (8/30/2012)
Public Wholesale Water Supply District #19 (SFY 2012)	Under Review

The New System Permit Application consists of two parts. Part 1 is the engineering and design component, which is reviewed and approved by the Engineering and Permits Unit. Upon approval of Part 1 and designated elements of Part 2, a letter of approval is issued authorizing construction of the public water supply system. Part 2 of the permit application is the technical, financial and managerial capacity assurance component. Before the system begins operation, the remaining elements in Part 2 of the application must be completed and approved. A final inspection must also be conducted and approval to initiate operations must be granted by KDHE. A permit for the completed project is issued upon a favorable final inspection report. There were no changes to KDHE’s statutory authority or new system permitting process during SFY 2013.

The Capacity Assurance Strategy for new systems includes a review and evaluation component that the KDHE uses to determine if the review and permitting process is effective. The KDHE employs the EPA’s Enforcement Response Policy (ERP) and Enforcement Tracking Tool (ETT) to analyze the success of the New System Capacity Assurance Program. According to the ERP, any system that scores 11 or more points using the ETT is considered to be in significant non-compliance. Any new system with 11 or more points, receives a special review to ascertain why the non-compliance is occurring. KDHE evaluates whether the system’s non-compliance is because of any short-coming in the new system permitting process or whether the non-compliance is due to other reasons, such as not following a proposed budget or providing proper training for the system’s certified operator. According to the ETT Tracker Tool released during SFY 2013, one system permitted during the past 3 years had a score ≥ 11 . The new systems permitted during the time period 2011 through 2013 are listed in Table 2.

Table 2 – New Systems Permits 2011 through 2013 ETT Status

PWS System Name	Permitted	ETT > 11	Corrective Actions
Public Whose District #23	SFY 11	Yes	Provided TA - RTC
Elk County RWD #2	SFY 11	No	N/A
Great Plains Development Authority	SFY 13	No	N/A

CAPACITY DEVELOPMENT STRATEGY FOR EXISTING SYSTEMS

Strategy Background

The Kansas Capacity Development Workgroup developed fifteen recommendations for KDHE to consider in implementing the Kansas Capacity Development Strategy for Existing Systems. KDHE selected eight (Table 2) of these recommendations for the initial implementation of its strategy. These eight recommendations were considered to have the greatest potential to generate significant capacity gains in a relatively short time. The remaining seven (Table 3) were considered for implementation as time and resources allowed. All fifteen recommendations have been implemented or amended. The changes are documented in Amendment 1 of the Capacity Development Strategy for Existing Public Water Supply Systems (See Attachment A).

Table 2 – Initial 8 Strategy Recommendations

Recommendation	Implementation Status
TFM Surveys for all community water systems	Implemented – Conducted every 3 years
Require water use reports from all systems	Implemented – Required annually By DWR
Develop a PWS business planning guidebook	Implemented – Part of KanCap
Develop PWS finance training program	Implemented – KanCap/EFC Financial Tools
Require all systems to install customer meters	Change – Strategy Amendment 1, Item 4
Expand KDHE “Survival Guides” for PWS systems	Implemented – See website: http://www.kdheks.gov/pws/survival.html Capacity Development Fact Sheets: http://www.kdheks.gov/pws/capdev.html
Develop Asset Management Planning Tool	Implemented – A. M. Kan Work!
Develop board/council member education program	Implemented – KanCap

Table 3 – Remaining 7 Strategy Recommendations

Recommendation	Implementation Status
Kansas Lawmakers information packets	Changed – Strategy Amendment 1, Item 2
“As Built” mapping assistance program	Changed – Strategy Amendment 1, Item 3
Encourage partnerships among PWS systems	Implemented – Planning Grant Program, PWS Coordinating Committee, participate in locally sponsored regional PWS planning activities
Develop drinking water public information program	Changed – Strategy Amendment 1, Item 5
Develop program to help select engineers/consultants	Implemented – Part of KanCap
Develop newsletter – KDHE spending, compliance, etc.	Changed – Strategy Amendment 1, Item 5
Third-party assessment of KDHE resource needs	Removed – Strategy Amendment 1, Item 6

In addition to state agency implementation activities, 3rd party technical assistance providers help public water supply systems address capacity challenges. KDHE sponsors technical assistance and training through contracts with the Kansas Rural Water Association (KRW), Kansas Municipal Utilities

(KMU), Ranson Financial Consultants, and Wichita State University Environmental Finance Center (EFC).

Other technical assistance providers, including the Midwest Assistance Program (MAP), League of Kansas Municipalities (LKM), and Kansas Section American Water Works Association (KsAWWA) provide a variety of assistance to public water suppliers as part of their ongoing activities.

These organizations are not under contract with KDHE. Their funding is provided from a variety of sources including EPA, USDA Rural Development, and membership fees. Their activities support the goals of the Kansas New and Existing system strategies. All of the organizations mentioned above participated in development of the Kansas strategies and continue to provide input on KDHE implementation activities. Their activities are important to the overall success of the Capacity Development Program.

MAP primarily provides assistance to water system governing bodies seeking funding from the USDA Rural Development loan and grant programs for water and wastewater systems. KsAWWA provides training to water system operators through its Operator Training Committee (OTC) and works with KDHE's Operator Certification Program to coordinate training activities. LKM provides training for city council/commission members, city managers/administrators and city clerks through the Municipal Leadership Academy. LKM also provides legal advice and model ordinances for cities in Kansas.

State Fiscal Year 2013 Programs and Implementation Activities

Overview

Several changes within the KDHE Bureau of Water and the Public Water Supply Section directly impacted the Capacity Development Program. These changes include additional responsibility for the 2% Small System Technical Assistance contract administration, coordination for the PWS Fee Fund Advisory Group, and coordination of project reviews for the Water Projects Environmental Coordination Act for the public water supply projects.

New contracting and purchasing policies established by the Kansas Department of Administration also significantly changed the Program's long-standing, sole-source contract award practice. Request for Proposals we advertised early in SFY 2013. Awards we announced in November 2012. Five year contracts were awarded to KMU for small systems operator training, KanCap training, emergency planning assistance and TFM survey support. The small system 2% technical assistance contract was awarded to KRWA. The contract for financial planning and rate-setting assistance was awarded to Ranson Financial Consultants. The small system operator training contract awarded to KMU was previously administered Operator Certification Program and was funded by the now expired Expense Reimburse Grant.

In addition to activities directly related to implementation of the recommendations in the State Capacity Development Strategy, the Capacity Development Program provides a variety of assistance to public water supply systems. This assistance includes presentations at workshops and conferences, attendance at board/council meetings, telephone, FAX and email correspondence. KDHE tracks the number of systems that receive this assistance. This tracking information is sent to EPA's National Information Management System (NIMS). In SFY 2013, the Capacity Development Program reported to NIMS 245 public water supply system assistance contacts. Other activities include coordination with the Source Water Protection and Operator Certification programs.

The KDHE Capacity Development Program also maintains a webpage that provides information on Capacity Development Program initiatives, documents for download, and links to technical assistance providers. The webpage is periodically updated. The webpage is located at: <http://www.kdheks.gov/pws/capdev.html>.

Planning Assistance

The Capacity Development Program provides assistance for regional public water supply planning and for small water system planning to comply with drinking water regulations. The Regional PWS Planning Grant Program, initiated in SFY 2004, provides 50% matching funds for preliminary engineering studies that evaluate regional solutions to address public water supply system needs and challenges. The Small PWS System Planning Grant Pilot Project, initiated in SFY 2013, provides 50% matching funds for systems serving a population of 1,000 or less to address compliance issues. The small systems also must have an Enforcement Tracking Tool (ETT) score of 11 or greater.

KDHE uses a portion of the 1452(k) capitalization grant set-aside to provide funding for both programs. The Regional PWS Planning Grant provides up to \$12,500.00 to match funding provided by the local project sponsors. The Small PWS System Pilot Project provides up to \$5,000.00 to match funding provided by the qualifying small system. Tables 4 and 5 list the regional and small system studies funded and/or completed during SFY 2012 and SFY 2013.

Table 4 – Regional PWS Planning Grant Projects

Project Sponsors	Systems Benefiting	Status	SFY
Public Water Supply District #23	Consists of 19 public water supply systems in SE Kansas	Study will determine the feasibility of adding new members and construction of new water treatment plant. Study completed during 2013. State and federal agencies are working with District to find identify best funding approach.	2012-2014
Augusta/Mulvane/Rose Hill	Augusta, Mulvane, Rose Hill	Purpose of study was to identify possible opportunities for development of a regional water supply using existing infrastructure, with improvements, and potential for development/purchase of additional source water. Study completed, alternatives are under consideration. High cost of project may be prohibitive.	2013
NE Kansas Water Cooperative	Axtell, Hiawatha, Sabetha, Seneca, Summerfield, Brown RWD #1	Study approved in SFY 2013, funded in SFY 2014 for completion early in SFY 2015. Study will evaluate current sources the potential for interconnections among the participants.	2013 – 2015

Table 5 – Small PWS Systems Pilot Project

Small System Name	Status	SFY
City of Beverly	Study complete. The City is using SRF loan program with principle forgiveness for new wells that will comply with drinking water regulations.	2013
City of Mahaska	Study underway. Difficulty in locating a new source that will meet the MCL for Combined Radium has delayed completion of the study. Anticipated end date is June 30, 2014.	2013 – 2014
City of Timken	Grant approved. The study will help identify the best alternative for the City to comply with the Combined Uranium MCL.	2013 - 2014

Financial Assistance

SRF Financial Reviews

In addition to the financial reviews conducted by KRWFA for all SRF loans, KDHE routinely conducts reviews using the Capacity Development Survey to ensure that all loan recipients demonstrate TFM capacity. Due to difficulties within the KDHE Information Technology Division, the 2011 Capacity Development Survey was not conducted.

Therefore, information was not available during SFY 2013 for the routine TFM review. Although the managerial and technical information from the survey was not available, financial reviews were still routinely conducted by KRWFA. During State Fiscal Year 2013, KRWFA conducted 27 new loan reviews. There were no supplemental reviews for increased loan amendments.

Financial Planning Assistance

In SFY 2013, KDHE contracted with Ranson Financial Consultants LLC to provide financial planning and rate-setting assistance. Ranson provided rate-setting assistance using the Kansas Rate Checkup software to 16 public water supply systems. Under the contract, Ranson provides 1 year of technical assistance on rate setting using Rate Checkup at no charge to the systems. Water systems will be able to use Rate Checkup to help review budgets, rates and financial planning procedures. The software generates reports that will help the systems achieve and maintain financial capacity, including an analysis that illustrates the rates required to maintain long-term financial health to help keep the system in compliance.

Training Activities

KanCap Board/Council Education Program

Due to contractual issues, KanCap training activities were not conducted during SFY 2013. It is anticipated that a limited number of training workshops may be held during the last half of SFY 2014. The KDHE is currently working with the WSU/EFC on a potential scope of work for contractual services to revise and update the KanCap materials.

A.M. Kan Work!

A.M. Kan Work! is a tool that helps systems of all sizes develop asset management and energy efficiency plans. The material for A.M. Kan Work!, developed by the New Mexico Environmental Finance Center, consists of a manual with 2 DVDs that provides the information systems need to help them develop and implement asset management and energy efficiency plans that fit the needs of their systems. The KDHE contracted with the Wichita State EFC in partnership with KMU to conduct classroom training and follow-up, on-site assistance. Six training sessions, 1 in each KDHE district, were held during SFY 2013. The KDHE also awards 5 hours of renewal credit for water and wastewater operators that complete the one-day workshop.

The KDHE partnered with the New Mexico Environmental Finance Center, the Wichita State Environmental Finance Center and Kansas Municipal Utilities to provide asset management training using the performance based training model for 6 large water and wastewater utilities in northeast Kansas. The project started in SYF 2012 and concluded in SFY 2013. Workshops were conducted with each focusing on one specific aspect of asset management planning and/or implementation. It is anticipated that at the group will form the basis of a Kansas Asset Management Users Group. The purpose of the Group is to provide a continued forum for the exchange of information related to the development and implementation of asset management plans.

Rate-setting and Financial Planning Workshops

Six rate-setting and financial planning workshops were conducted through a cooperative effort among KMU, WSU/EFC and Ranson. One workshop was held in each of the KDHE districts. The primary audience for these sessions includes city clerks, managers and administrators. Operators are welcome to attend, however no operator credit is awarded.

Special Capacity Concerns

Compliance with LT2 rule for Schedule 3 and 4 systems in Bin Class 2 is a special concern. It is anticipated that several of the Schedule 4 systems will request the extension allowed under the LT2 Rule in order to allow additional time to determine and implement the best course of action for compliance. Another area of special concern is the challenge experienced by small systems on ETT list with scores ≥ 11 . Many of these systems serve a declining population of less than 1,000 and are unable to sustain the rate base needed to construct, operate, and maintain expensive treatment alternatives.

Other Related Activities

The KDHE recognizes that other state agencies and non-governmental organizations play an important role in helping water systems achieve and maintain TFM capacity. Two that KDHE frequently partner with are the Kansas Water Office (KWO) and KRWA. The KDHE and KWO routinely collaborate on regional public water supply issues and the provision of technical assistance to public water supply systems.

During SFY 2013, the KRWA provided technical assistance to 412 small public water supply systems under the 2% Small System Technical Assistance Set Aside contract discussed in the Strategy Background Section. Assistance provided under this contract addressed many technical issues including surface water treatment, well testing, new operator training, nitrate compliance and record keeping.

Strategy Review and Modification

KDHE recognizes that periodic review and modification of the Strategy for Existing Systems is vital in keeping KDHE's Capacity Development Program current and relevant to the needs of Kansas public water supply systems. Amendment 1 to the Capacity Development Strategy for Existing Systems, completed in 2007, provided the changes needed to more accurately reflect KDHE's implementation efforts. No changes to the Strategy have been required beyond Amendment 1. Implementation efforts continue to focus on the current recommendations as outlined in the original Strategy and as updated in Amendment 1.

Future Activities

The implementation activities scheduled for FY 2014 will focus on 4 areas: 1) Continued implementation of A.M. Kan Work! through a contract with the Wichita State Environmental Finance Center; 2) Establish an Asset Management Users Group coordinated by the WSU/EFC; 3) Develop a plan of action for revisions to KanCap; and 4) Complete the updates and enhancements to Rate Checkup. Other ongoing activities include TFM reviews related to enforcement actions and SRF applications, new system application review and approval, and coordination on public water supply issues and projects with the Inter-Agency Coordinating Committee formed in SFY 2011. KDHE will also continue to award Regional Public Water Supply Planning grants as applications are received and approved.

Also during SFY 2013, the renewed focus started in SFY 2011, on internal coordination will continue. The internal KDHE group consists of representatives from the engineering, data and compliance, and capacity development units. The primary focus of this group will be to review and make recommendations related to enforcement and/or technical assistance activities needed for systems with a score ≥ 11 under EPA's new Enforcement Response Policy.

Attachment A

Capacity Development Strategy

For

Existing Water Supply Systems

Amendment 1

**State of Kansas
Capacity Development Strategy**

for

Existing Public Water Supply Systems

Amendment 1



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

State Fiscal Year 2007

Introduction

The Kansas Capacity Development Strategy for Existing Public Water Supply Systems was approved by the U.S. Environmental Protection Agency in September 2000. This Amendment to the Strategy modifies some of the original 15 recommendations made by the Capacity Development Workgroup to the Kansas Department of Health and Environment (KDHE). In most instances these modifications involve only minor changes that reflect more accurately how KDHE is implementing the Existing Public Water Supply Systems Strategy. Only the recommendations that are changed or removed are discussed in this Amendment. The original recommendation is shown in regular font and the change is in italics.

In addition to the modifications to the original recommendations, KDHE added one new program to the Capacity Development Strategy for Existing Systems during State Fiscal Year 2007. This program is the Capacity Development Achievement Awards and is discussed at the end of this document. For additional information on the Awards Program please refer to the KDHE Capacity Development Webpage: <http://www.kdheks.gov/pws/capdev.html>

Changes to the Strategy for Existing Public Water Supply Systems

1. Statewide benchmarking that can be used to identify general positive and negative trends developing in Kansas water systems. The Kansas Water Office in conjunction with other agencies and technical assistance providers will create a voluntary survey designed to incorporate TFM criteria. The results will help the State analyze how to utilize limited technical assistance to best aid water systems. Initial discussions were that the survey would be conducted on a voluntary basis. After further discussion, the workgroup agreed that the survey should be mandatory and that the survey should be repeated every three years.

Change: The Kansas Department of Health and Environment (KDHE) and the Kansas Water Office agreed that KDHE should conduct the surveys. The KDHE conducted surveys in 2002 and 2005 with a response rate of 97% in both years. Based on this response rate, the KDHE has determined that a regulation requiring mandatory completion of the survey is not necessary.

2. Provide State lawmakers with an information package detailing TFM and why the State is promoting capacity assessment and improvement for public water systems.

Change: The Report to the Governor provides information regarding the Capacity Development Strategies for the State of Kansas. A separate information package for lawmakers would be redundant. The KDHE will make the Report to the Governor available to all interested lawmakers. In addition, notification of the Report to the Governor will be sent to the appropriate committee chairs.

3. KDHE should investigate the feasibility of developing a water system “as built” mapping assistance program.

Change: The KDHE provided funding to the Kansas Water Office (KWO) to update rural water district boundary maps that were previously developed. “As Built” maps should be the responsibility of the individual water systems.

4. Establish rules relative to water meter use. This information is critical for rate setting and for daily system operations.

Change: This recommendation required the State of Kansas to develop rules and regulations requiring customer meters at all public water supply systems. The KDHE or the Department of Agriculture, Division of Water Resources (DWR) does not have the necessary authority to require public water supply systems to install customer meters. The KDHE, KWO, and DWR strongly recommend customer meters for all public water supply systems. The new 2007 Water Conservation Plan Guidelines indicate that customer meters are needed for approval of Water Conservation Plans.

5. The KDHE should take a proactive approach in providing information to public water systems that is accurate and understandable. The workgroup recommended ideas such as a periodic newsletter and a CCR-style report that would include an accounting of how water supply fees were spent in addition to a summary of annual compliance data and KDHE activities.

Change: The KDHE publishes Capacity Development Program articles in the Operator Newsletter, provides information for technical assistance provider publications and posts information on the KDHE webpage. In addition information relating to the use of capitalization grant funds is provided in the Annual Work Plan for the SRF program. Creating and publishing an additional newsletter would be redundant and would require resources that can be better used elsewhere.

6. The Workgroup recommends a third-party assessment of current and future program resource needs to provide information to overcome the perception that KDHE personnel resources have not kept pace with the new responsibilities of the State Drinking Water Protection Program.

Remove: The Kansas Legislature approved additional staffing requests for the public water supply supervision program and the PWS Fee Fund. An evaluation of resources need is no longer necessary.

Addition to the Strategy for Existing Public Water Supply Systems

During State Fiscal Year 2007 the KDHE added the Capacity Development Achievement Award Program to the Strategy for Existing Public Water Supply Systems. The Award Program is designed to recognize public water supply systems that demonstrate excellence in achieving and maintaining technical, financial and managerial capacity. The awards are given annually. Up to 5 awards will be given to systems serving a population of 500 or less. Up to five additional awards will be given for systems serving a population between 501 and 3,300. One award each will be granted for systems serving between 3,301 and 10,000; and for 10,001 or more. One public wholesale water supply district will be also be given an award each year.