

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

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

FISCAL YEAR 2010



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I. INTRODUCTION

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

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

There are several references in this document to the American Recovery and Reinvestment Act (ARRA) and the associated funds that were provided as part of the 2009 IUP amendment of April 1, 2009. Although the projects that will utilize those funds have been determined, all of the ARRA loan agreements have not been executed nor have all of the projects been completed as of the publication date of this document. The final ARRA loan and project information (to be obtained during the 2010 program year) will impact the standard KPWSLF program because standard loan funds are being utilized in those ARRA loans. For information on ARRA loans please review the amended 2009 IUP found at:

http://www.kdheks.gov/pws/loan/2009_IUP_Amended_Including_Stimulus.pdf .

With the exception of ARRA loans, the Kansas Public Water Supply Loan Fund (KPWSLF) has operated as a leveraged loan program. In a leveraged 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 reserve account will be equal to no less than 25% of the amount of revenue bonds outstanding (both leveraged bonds and state match 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. Although KDHE intends to continue operating the KPWSLF as a leveraged loan program, market conditions have limited the opportunities to receive reasonable interest earnings on the Leveraged Reserve account. Without the ability to invest new capitalization grants in products that give a significant and dependable rate of return, the KPWSLF leveraging structure cannot provide for additional loan capacity. If investment alternatives do not exist by the time the 2010 capitalization grant is awarded, the 2010 grant proceeds will be direct loaned.

As of June 30, 2009, Kansas had been awarded \$146,128,800 in capitalization grants from FFY 1997 thru FFY 2009 (includes ARRA grant). The FFY 2010 Grant is estimated at \$17,960,000.

II. LIST OF KPWSLF PROJECTS

On January 26, 2009, letters soliciting projects to be considered for funding from ARRA funds were sent to 825 public water suppliers eligible to receive assistance from the Kansas Public Water Supply Loan Fund. Over 120 projects with total project costs of over \$220 million were submitted for consideration. Only \$53 million of those projects were considered for ARRA funding. Because the Fund normally solicits projects for the next program year in February, the remaining projects were considered for the 2010 Project Priority List, and no additional letters of solicitation were issued. Nine additional projects (that were not submitted with the ARRA submittals) for \$4.5 M were submitted for consideration specifically for the 2010 IUP. These projects were ranked and combined with remaining projects on the 2009 Project Priority List (excluding ARRA projects), to create the 2010 Project Priority List.

KDHE is required to assure that projects funded in an amount “equivalent” to the capitalization grant comply with certain federal laws and executive orders dealing with environmental and socio-economic requirements, called cross-cutters. Once “equivalency” is achieved, the number of cross-cutting requirements is reduced significantly. KDHE has issued post equivalent loans for all of the commitments since 2004 with the exception of ARRA loans. The total of all capitalization grants, expected to be awarded during the 2010 program year, is \$164,088,800. The total amount of loans awarded as equivalent projects through June 30, 2009 is \$ 210,842,865.71. This leaves Kansas with a \$46 million equivalency credit. The Environmental Review Process remains unchanged for post equivalent projects.

III. CRITERIA AND METHODS FOR DISTRIBUTING FUNDS

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

The funding order of projects may not be identical to the priority ranking in the Project Priority List (PPL) found in 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. The PPL lists all eligible and current projects that have been submitted for loan fund consideration. Since it is uncertain that the Fund will be able to add loan capacity through leveraging, the initial funding line will be set assuming the 2010 cap grant will be direct loaned and \$7.5M will be available from the recycled loan account. With this assumption, only the first thirteen projects will initially be given an opportunity to submit a loan application. If leveraging once again becomes a viable option, the funding line will be extended appropriately.

State law requires KDHE to make 20% of the total money in the Loan Fund available to public water supply systems serving less than 5000 people (The SDWA requires 15% of the Fund to be made available to systems serving less than 10,000 people.) Small systems represent 45% of the loan funds in the 2010 PPL and 100% of the systems above the proposed funding line.

KDHE always reserves the right to fund lower priority ranking projects over higher priority ranking projects, if in its opinion, 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.

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.

IV. FINANCIAL STATUS OF THE KPWSLF

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 Government Audit provided an unqualified opinion.

The reserve account table below show details of the reserve account deposits since the start of the program. Senate Bill 487 was passed by the 1998 Kansas Legislature and added an additional \$5,000,000 to the reserve account. Details of past bond issues can be found in Appendix F.

Reserve Account

Fiscal Year of Grant	Capitalization Grant Earmarked for Reserve Account	Amount Deposited into the Reserve Account from SB 487	Amount Deposited into the Reserve Account**
1997-2007	\$100,700,820	\$5,000,000	\$105,700,820
2008	\$7,595,160		\$6,122,623
2009	\$7,172,740		\$937,202
2010*	\$16,382,400		
	<u>\$131,851,120</u>		<u>\$112,760,645</u>

* Grant value estimated, and may not be deposited in the Reserve Account

** As of June 30, 2009

As bonds are retired, the amount of money needed in the Reserve Account is also reduced. It is expected that Reserve Account funds will be de-allocated into the Recycled Fund Account once they are no longer be needed for leveraged bond security. This money will be available for recycled loans or returned to the Reserve Account for additional leveraging if possible.

As of June 30, 2009, KDHE had 197 loan agreements or offers in place for a total of \$432,913,074.76.

An estimated \$17,960,000 from the 2010 Capitalization Grant will be available to the Fund during the program year. This would require a state match of \$3,592,000. The Fund has \$3,341,628 of State Match that was deposited in 2008 but not designated as match to a particular Capitalization Grant; this amount will be designated as State Match for the 2010 Capitalization Grant. The remaining \$250,372 of required state match will be deposited from proceeds of the next issuance of State Match Bonds which is anticipated to occur in late 2009. Once set asides are removed KDHE estimates \$16,382,400 to be available for direct loans or leveraging (if possible).

Assuming adequate investments for the Leveraged Reserve Fund can be found, the KPWSLF leveraging structure would allow the program to support \$290,000,000 in additional bonds with the estimated award of the 2010 capitalization grant. As of June 30, 2009 the Fund had committed \$104,850,376 more in loans than it had available from bond proceeds. This over commitment amount is subtracted from the \$290,000,000 in additional bond capacity to yield approximately \$185,000,000 in additional loan capacity for the Fund. This amount added to the \$7,500,000 that would be available to loan from the recycled account would allow the KPWSLF to commit to \$192,500,000 in new projects, which is almost the entire 2010 Project Priority List. Current market conditions indicate this scenario is unlikely to occur.

KDHE will initially assume the estimated \$16,382,400 available for the leveraged reserve will actually be direct loaned and therefore write loan agreements committing funds up to the maximum commitment level of \$24.4 (available 2010 capitalization grant and \$7.5M of recycled account funds. The program anticipates another borrowing will be completed during the program year, but such a transaction would only obtain enough funds to meet the current leveraged loan over commitment amount of \$104,850,376.

More detailed financial information can be found in the KPWSLF Annual Report. The most recent report covers the program through June 30, 2008. This and future annual reports can be found on the KDHE web site www.kdheks.gov/pws/loan/loanfund.htm.

V. INTEREST RATES AND ARRA ADDITIONAL SUBSIDY

In accordance with K.A.R 28-15-52, the KPWSLF interest rate will continue to be set at 80% of the previous three months' average Bond Buyers 20 Year Bond Index. ARRA loan interest rates will be calculated in the same manner. To achieve the required 50% subsidy required by ARRA, the KPWSLF is providing a nominal 20% principal forgiveness to the entire \$48,750,000 ARRA loan pool. KDHE may require that loan agreements be amended to reflect the amounts under contract and any other eligible costs, prior to February 17, 2010. If a loan amount is amended to accommodate actual contract and other eligible costs, KDHE will reserve the right to adjust the principal forgiveness amount as needed to meet ARRA requirements or to reduce the overall

principal forgiveness amount to be no greater than 20%. KDHE has the authority through existing statutes and regulations to set loan terms and conditions that can vary among municipalities, these terms and conditions can include the use of principal forgiveness.

VI. SINGLE AUDIT ACT REQUIREMENTS

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. Any loan using Stimulus funds must comply with Single Audit Act Requirements. Any loan that receives funding directly from the 2010 capitalization grant will also be required to comply with the Single Audit Act.

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. Provide loans to assist applicants in complying with drinking water standards, improving drinking water quality in the state, and improving Kansas public water supply infrastructure.
6. Assure small public water supply systems are included in the loan program by providing at least 20% of available loan funds to systems serving a population of less than 5000.
7. Assure Kansas municipalities are aware of the KPWSLF and the potential for financial savings through participation.
8. Commit ARRA funds to loan agreements and assure they are under contract for construction to avoid losing ARRA funds to other states.

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 LOAN ACCOUNT

The Recycled Loan Account consists of program revenues in excess of the amounts needed to make bond principal and interest payments and funds transferred/de-allocated from the Leveraged Reserve Fund as leveraged bonds are retired.

On November 5, 2007 the Fund expended all available bond proceeds. As indicated in the 2008 Intended Use Plan, the recycled loan account was then used to make loan disbursements for project costs that would have normally been paid with bond proceeds. On October 29, 2008, \$31,540,000 of Leveraged Bonds and \$5,160,000 of State Match Bonds were issued to reimburse the recycled loan account for \$35,930,792 in project disbursements. Once reimbursed, the recycled loan fund was used again to make loan disbursements for project costs that would have normally been paid with bond proceeds. As of June 30, 2009, \$27,016,997 of recycled loan account funds were temporarily used to make project payments for loans that otherwise would have been paid from bond proceeds. Once the KPWSLF issues bonds, the recycled loan account will be reimbursed with the new bond proceeds. This 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. As of June 30, 2009 the recycled account contained \$45,290,425.43.

Because the Fund's ability to add loan capacity with the use of leveraging is in doubt for the near future, the state component of funding for ARRA loans will come from the recycled account. The remaining \$7.5M available for loans in the recycled loan account (this amount excludes funds reserved for transfer into the Leveraged Reserve Fund for leveraged bond issuance) will be committed to projects above the funding line on the 2010 IUP. It is anticipated that the current Leveraged Reserve Fund balance will not be enough to meet the reserve requirement for the next bond issue. Therefore, after bonds are issued, a portion of the recycled account will be transferred to the Leverage Reserve Fund to meet the leveraged reserve requirement. The exact amount will depend on the size of the bond issue.

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 uses that Kansas plans to utilize set-asides from the 2010 Capitalization Grant:

- 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 above, 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 these grants. Funds from previous grants and work plans will be spent in addition to (or prior to) the reserved amounts for the 2010 grants.

For the 2010 Capitalization Grant Kansas anticipates reserving 4% for Administration (estimated at \$718,400) and 2 % for the Technical Assistance (estimated at \$359,200). Work plans in table format can be found in Appendix B of this Intended Use Plan. The state also has the option of transferring unspent set-asides to the loan fund in future years. Because no State Program Management set asides will be taken from the 2010 grant, KDHE will reserve \$1,796,000 of credit to the State Program Management set-aside (see table on page 9).

A. Program Administration.

Activities funded with this set-aside include financial reviews, project review and approval, project ranking, priority list management, tracking of loan repayments, construction inspection, NIMS data maintenance, updating the needs survey, processing of loan disbursements, and any other costs associated with the operation of the KPWSLF.

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 through contracts with the Kansas Rural Water Association. 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, and management, 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 including low-pressure problems. Systems operating surface water treatment plants will receive training in operational tests,

chemical dosages, filter operations, and record keeping.

C. State Program Management.

Although no funds are being reserved for this set aside from the 2010 Capitalization Grant, available funds from previous grant awards will be used to pay salary and costs for the Capacity Development Program Coordinator, and pay salary and costs for Public Water Supply Supervision program positions. Up to 10% of the capitalization grant can be used for these activities, but available state match can limit the amount reserved. 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.

D. Other Authorized Activities

Although no funds are being reserved for this set aside from the 2010 Capitalization Grant, it is necessary to note that funds previously set aside from the 2005 and 2006 Capitalization Grant that have not been expended will be used for additional purposes than those covered from the 2005 and 2006 IUP. In addition to using funds for development of a water system board member training manual, water rate seminars, system rate reviews, matching funds for regional water system feasibility studies, and asset management training, these funds will also be used for public water supply governing body board member training expenses.

SUMMARY OF CAPITALIZATION GRANT USES

	FY 2010
Reserve Account/Direct Loan	16,882,400
Administration	\$718,400
Technical Assistance	\$359,200
State Program Management	\$0
Other Authorized Activities	\$0
Total	\$17,960,000

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		\$1,796,000	
Totals	\$527,321	\$4,339,697	\$780,000

X. RATES AND USES OF FEES

The KPWSLF charges up to three types of fees on loan recipients. Every recipient is charged a one time 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 June 30, 2009 there was a balance of \$382,068.20. 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 June 30, 2009 the balance of the service fee account was \$2,992,426.96. 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 June 30, 2009 there was a \$0 balance in the FIAC fee account as all funds were transferred to KRWFA. The fees charged on ARRA loans will be the same as the standard program.

XI. CROSS COLLATERALIZATION

The KPWSLF and KWPCRLF bond resolutions and operating agreements allow funds that would normally be transferred to the recycled loan account each fiscal year, to be used to remedy a bond payment default situation in the other SRF program. Those funds would then be paid back once the defaulting program generates funds that would normally go into its recycled loan account. 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.

XII. PUBLIC REVIEW

A public hearing on the FY2010 Intended Use Plan and Priority Ranking System was held on August 25, 2009. Copies of the draft FY2010 IUP were made available to all public water suppliers listed on the Project Priority list (Appendix A), the League of Kansas Municipalities, the Kansas Rural Water Association, the Kansas Rural Water Finance Authority, and to consulting engineers in the state of Kansas. 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

2010 Project Priority List

August 25, 2009

Municipality Name	Project #	Priority Rating	Project Description	Loan Request \$	Accumulative Amount \$
* Argonia	2702	38	WTP to remove Arsenic and Nitrates	\$1,851,068	\$1,851,068
* Oakley	2507	38	New Well	\$261,500	\$2,112,568
* Oberlin	2492	38	WTP and Distribution Improvements	\$4,218,200	\$6,330,768
* Severy	2484	38	Interconnection to Greenwood	\$150,000	\$6,480,768
* Buhler	2701	35	WTP to remove Arsenic	\$1,600,000	\$8,080,768
* Atlanta	2360	33	New Filter System, Standpipe, and Chlorination	\$350,000	\$8,430,768
* Atwood	2607	33	New Wellfield and transmission main	\$5,100,000	\$13,530,768
* Hill City	2608	33	New Wellfield and transmission main	\$800,000	\$14,330,768
* Lakin	2564	31	WTP for rad compliance	\$3,500,000	\$17,830,768
* Lorraine	2632	31	Radium MCL Resolution	\$350,000	\$18,180,768
* Montgomery Co. RWD #13	2708	31	Interconnection with Montgomery RWD #8	\$323,200	\$18,503,968
* Richmond	2673	31	New Treatment Plant	\$2,900,000	\$21,403,968
* Mitchell Co. RWD #2	2555	30	WTP improvements	\$1,600,000	\$23,003,968
* Hiawatha	2661	26	RO Treatment Plant	\$7,000,000	\$30,003,968
Junction City	2493	23	WTP Improvements	\$1,800,000	\$31,803,968
* Milford	2520	21	Water Treatment Plant Improvements	\$1,487,200	\$33,291,168
* Rozel	2575	21	Replace Well and add Fe Mn Treatment 1	\$1,054,600	\$34,345,768
Topeka	2663	21	WTP modifications	\$9,000,000	\$43,345,768
* Elgin	2705	18	New Well and Waterline Replacement	\$342,000	\$43,687,768
* Greensburg	2431	18	New Water Supply Well	\$500,000	\$44,187,768
* Matfield Green	2522	18	Replace Standpipe, Chlorination System, and Install Valves	\$100,000	\$44,287,768
* Vermillion	2703	18	Waterline Replacement	\$750,000	\$45,037,768
* Cherokee Co RWD #1	2473	16	Replace Distribution Lines	\$100,700	\$45,138,468
* Copeland	2477	16	Install Water Meters	\$100,000	\$45,238,468
* Nemaha Co. RWD #2	2450	16	New Storage	\$300,000	\$45,538,468
* Solomon	2537	16	New Well House	\$35,000	\$45,573,468
* Baldwin	2430	15	Water Transmission Main replacement	\$2,500,000	\$48,073,468
* Dickinson Co. RWD #2	2518	15	Pumpstation and Waterline	\$750,000	\$48,823,468
* Jefferson Co RWD #9	2441	15	New Well and Treatment Facility	\$600,000	\$49,423,468
* Johnson Co. Con. RWD #6	2532	15	Water Line and Storage	\$6,900,000	\$56,323,468
* Leavenworth Co RWD #7	2474	15	Distribution Line replacement	\$840,000	\$57,163,468
* Linwood	2452	15	New WTP	\$200,000	\$57,363,468
* Linwood	2554	15	New Well	\$200,000	\$57,563,468
* Strong City	2535	15	WTP Improvements	\$27,000	\$57,590,468
* Anthony	2593	13	Replace ground storage and waterline	\$3,284,800	\$60,875,268
Arkansas City	2648	13	WTP improvements	\$6,500,000	\$67,375,268
Arkansas City	2651	13	New Tower to replace hydro-pneumatic system	\$350,000	\$67,725,268
Atchison	2551	13	New Tower and pipe replacement	\$3,910,000	\$71,635,268
Atchison	2551	13	New Tower	\$3,563,006	\$75,198,274
Atchison	2566	13	replace pipe on Main st.	\$976,426	\$76,174,700
Atchison	2567	13	replace forest park pumpstation	\$378,000	\$76,552,700
* Barnes	2700	13	Waterline and Disinfection system replacement	\$650,000	\$77,202,700
* Bartlett	2480	13	Water Line Replacement	\$225,000	\$77,427,700
* Bogue	2460	13	Water Distribution System Replacement	\$164,998	\$77,592,698
Chanute	2576	13	Replace CO2 tank, repair Clairfiers	\$150,000	\$77,742,698
Coffeyville	2580	13	Transmission Main Replacement WTP to Storage	\$425,000	\$78,167,698
* Cottonwood Falls	2621	13	Water Main Replacement	\$1,630,000	\$79,797,698
* Crawford Co RWD #1	2437	13	Water Main Replacement	\$572,000	\$80,369,698
* Cuba	2562	13	replace well and add pumpstation	\$155,000	\$80,524,698
* Ellis	2613	13	Distribution System replacement	\$300,000	\$80,824,698
* Humbolt	2543	13	Distribution Pipe Replacement	\$2,000,000	\$82,824,698
Junction City	2494	13	Well Field Improvements	\$672,396	\$83,497,094
* Kiowa	2486	13	New Well	\$130,000	\$83,627,094
* Marion	2709	13	Waterline Replacement	\$205,406	\$83,832,500
* Norcatur	2429	13	Water Tower Rehabilitation	\$80,000	\$83,912,500
* Olmitz	2669	13	Replace Waterline	\$50,000	\$83,962,500
* Oswego	2459	13	Water Distribution System Replacement	\$1,500,000	\$85,462,500
* Parker	2482	13	Water Line Replacement	\$400,000	\$85,862,500

2010 Project Priority List (page 2)

August 25, 2009

Municipality Name	Project #	Priority Rating	Project Description	Loan Request \$	Accumulative Amount \$
* Reserve	2706	13	Rehabilitate Storage Tank	\$15,390	\$85,877,890
* Virgil	2550	13	Replace Water lines	\$30,000	\$85,907,890
* Weir	2488	13	New SCADA System	\$40,000	\$85,947,890
* Bucklin	2440	11	Well and Tower Rehab and Waterline Replacement	\$100,000	\$86,047,890
* Burlington	2563	11	Waterline relocation	\$400,000	\$86,447,890
* Colby	2589	11	Emergency Power Generator	\$120,000	\$86,567,890
* Cunningham	2658	11	Looping and Generator	\$365,865	\$86,933,755
* Dighton	2592	11	Lane St. Distribution Replacement	\$245,000	\$87,178,755
Dodge City	2659	11	2 new wells	\$1,200,000	\$88,378,755
El Dorado	2534	11	New Booster Pump Station and Pipeline - phase 1	\$2,000,000	\$90,378,755
El Dorado	2623	11	Replace Waterlines	\$500,000	\$90,878,755
* Ellsworth	2561	11	2 wells and replace raw water line	\$2,500,000	\$93,378,755
* Girard	2508	11	Replace Water Tower, Waterline, and Pumpstation	\$4,300,000	\$97,678,755
* Haven	2513	11	Extension to serve Industrial Park	\$114,248	\$97,793,003
Kansas City BPU	2570	11	Pipe Replacement	\$2,253,521	\$100,046,524
Kansas City BPU	2571	11	4MG reservoir to meet demand	\$11,267,606	\$111,314,130
* Kingman	2654	11	Replace Waterlines	\$358,000	\$111,672,130
Lawrence	2617	11	SCADA and Security Improvements	\$1,000,000	\$112,672,130
Lawrence	2618	11	Redundant Water Supply Line for N. Lawrence	\$7,300,000	\$119,972,130
Lawrence	2619	11	Waterline Replacement	\$2,000,000	\$121,972,130
* Leon	2533	11	New wells to meet demand	\$50,000	\$122,022,130
* Montgomery Co. RWD #12	2633	11	Pump Station Rehab and Looping	\$630,000	\$122,652,130
* Mount Hope	2549	11	Waterline Replacement	\$120,000	\$122,772,130
Newton	2634	11	Pumpstation Improvements	\$1,635,000	\$124,407,130
* Olsburg	2560	11	new well, distribution replacement	\$650,000	\$125,057,130
* Oxford	2615	11	waterline replacement	\$87,000	\$125,144,130
* Reno Co. RWD #3	2686	11	Replace Waterlines	\$100,000	\$125,244,130
Salina	2626	11	WTP Rehab	\$1,025,000	\$126,269,130
Salina	2627	11	Replace Waterlines	\$500,000	\$126,769,130
Salina	2628	11	Well Field Improvements	\$1,300,000	\$128,069,130
Salina	2629	11	Distribution System replacement	\$2,200,000	\$130,269,130
Topeka	2664	11	Replace 29th St. Waterlines	\$550,000	\$130,819,130
Topeka	2665	11	37th St. Waterline	\$1,300,000	\$132,119,130
Topeka	2666	11	Replace waterlines in Belmont Addition	\$500,000	\$132,619,130
Topeka	2667	11	Watermain along Indian Hills Rd	\$3,619,000	\$136,238,130
Topeka	2668	11	Waterline from 37th and Fairlawn	\$1,500,000	\$137,738,130
* Udall	2671	11	Replace Waterline	\$1,000,000	\$138,738,130
* Wamego	2625	11	New Tower	\$1,400,000	\$140,138,130
* Washington Co. RWD #1	2641	11	New tower and wells	\$1,923,932	\$142,062,062
* Wellsville	2670	11	Replace Waterline	\$136,653	\$142,198,715
* Windom	2653	11	Replace Waterlines	\$54,000	\$142,252,715
* Benton	2677	10	Replace Storage	\$1,289,250	\$143,541,965
Bonner Springs	2453	10	New Plant and Well to meet capacity	\$9,660,000	\$153,201,965
Bonner Springs	2457	10	Replace Front St. Water Main	\$570,000	\$153,771,965
* Butler Co. RWD #5	2674	10	Waterline Extentsion	\$703,000	\$154,474,965
* Butler Co. RWD #5	2675	10	Replace VFD	\$40,000	\$154,514,965
* Butler Co. RWD #5	2676	10	Barbor Building Piping Replacement	\$65,000	\$154,579,965
* Coffey Co. RWD #3	2546	10	New Water Tower	\$795,000	\$155,374,965
Desoto	2578	10	WTP Rehabilitation	\$5,250,000	\$160,624,965
* Dickinsno Co. RWD #1	2685	10	Replace Waterlines	\$560,000	\$161,184,965
* Douglass	2704	10	Rehabilitate Storage Tank	\$150,000	\$161,334,965
Gardner	2645	10	Water Tower Improvements	\$120,000	\$161,454,965
Goddard	2512	10	New Transmission Main	\$5,040,000	\$166,494,965
* Johnson Co RWD #7	2503	10	New Elevated Storage Tank and Supporting Pipeline	\$1,950,000	\$168,444,965
* Johnson Co. RWD #7	2636	10	Replace waterline along 151st St.	\$650,000	\$169,094,965

2010 Project Priority List (page 3)

August 25, 2009

Municipality Name	Project #	Priority Rating	Project Description	Loan Request \$	Accumulative Amount \$
* Johnson Co. RWD #7	2637	10	Replace waterline along Moonlight Rd	\$250,000	\$169,344,965
* Johnson Co. RWD #7	2638	10	Replace waterline along Spoon Creek Rd	\$250,000	\$169,594,965
* Johnson Co. RWD #7	2640	10	New Water Tower to Share with Spring Hill	\$2,963,000	\$172,557,965
Kansas City BPU	2545	10	Water Main Replacement	\$2,000,000	\$174,557,965
* Leavenworth Co RWD #1C	2647	10	Replace Tower	\$2,400,000	\$176,957,965
* Lyon Co. RWD # 1	2710	10	Replace Waterline, pumpstation, and install tower mixing	\$5,000,000	\$181,957,965
* Miami Co. RWD #1	2655	10	Water Line Replacement and new tower	\$2,130,600	\$184,088,565
Mulvane	2707	10	Replace Waterlines	\$482,125	\$184,570,690
* Osage Co. RWD #7	2652	10	Water Line Replacement	\$580,000	\$185,150,690
* Ottawa Co RWD #2	2644	10	Replace Tower	\$828,732	\$185,979,422
PWWSD#4	2631	10	Replace SCADA	\$155,000	\$186,134,422
* Rooks County RWD #1	2433	10	New Water Supply Well/Interconnection	\$232,320	\$186,366,742
* Sedgwick Co. RWD #1	2684	10	Booster Pump Station and Disinfection Booster	\$682,000	\$187,048,742
* Smith Co. RWD #1	2547	10	New Booster Pump Station	\$281,690	\$187,330,432
Valley Center	2622	10	Looping	\$600,000	\$187,930,432
WaterOne	2595	10	Woodson Pump Station Rehab	\$2,200,000	\$190,130,432
WaterOne	2597	10	Replace Traveling Screens	\$1,000,000	\$191,130,432
WaterOne	2598	10	Replace high service pumps at Hansen Facility	\$1,000,000	\$192,130,432
WaterOne	2599	10	Install Interconnection Valves	\$415,000	\$192,545,432
WaterOne	2601	10	36-inch Transmission Main	\$3,138,888	\$195,684,320
WaterOne	2602	10	Interconnect with Gardner	\$1,413,228	\$197,097,548
* Wilson Co RWD #9	2660	10	Waterline and Storage Improvements	\$350,000	\$197,447,548
* Colby	2588	8	New Water Storage Tank	\$600,000	\$198,047,548
* Mayetta	2502	6	Interconnect with Jackson Co RWD #1	\$280,000	\$198,327,548
Bonner Springs	2455	5	Water Main Replacement - Nettleton to 138th	\$500,000	\$198,827,548
Bonner Springs	2456	5	Water Main Replacement - on 138th	\$300,000	\$199,127,548
Bonner Springs	2457	5	Water Main Replacement - Front Street	\$700,000	\$199,827,548
Gardner	2646	5	Looping	\$60,000	\$199,887,548
Miami Co RWD #2	2604	5	New Tower and Pipeline	\$4,800,000	\$204,687,548
WaterOne	2600	5	Replace Treatment Plant Roof	\$412,000	\$205,099,548

* indicates small system (under 5,000 population)

% of Small Systems project costs on entire list	47%
% of Small Systems project costs above Funding Line	100%

Appendix B

Set-Aside Work Plans

Sources and Uses Tables

Set Aside Work Plan for 2010 Grant

Technical Assistance

<i>Funding Amt</i>	<i>FTE Projection</i>	<i>Goals, Objectives, Outputs and Deliverables</i>	<i>Anticipated Start and End Dates</i>	<i>Other Agency & Responsibilities</i>	<i>Evaluation Process</i>
\$359,200	2.5 Contractor	Provide a min. of 420 TA contacts to small Kansas Systems	On Going	Kansas Rural Water Association	Quarterly Reports from Contractor

Administration

<i>Funding Amt</i>	<i>FTE Projection</i>	<i>Goals, Objectives, Outputs and Deliverables</i>	<i>Anticipated Start and End Dates</i>	<i>Other Agency & Responsibilities</i>	<i>Evaluation Process</i>
\$718,400	5.0	Comply with State and Federal Requirements for Loan Program implementation, and Commit loan dollars on a timely basis. Financial review, Construction inspection, Project review	On Going	None	Annual Report and Annual Evaluation by EPA

State Program Management (1452(g))

<i>Funding Amt</i>	<i>FTE Projection</i>	<i>Goals, Objectives, Outputs and Deliverables</i>	<i>Anticipated Start and End Dates</i>	<i>Other Agency & Responsibilities</i>	<i>Evaluation Process</i>

No funds from the 2010 grant are reserved for this set aside

Other Authorized Activities (1452(k))

<i>Funding Amt</i>	<i>FTE Projection</i>	<i>Goals, Objectives, Outputs and Deliverables</i>	<i>Anticipated Start and End Dates</i>	<i>Other Agency & Responsibilities</i>	<i>Evaluation Process</i>

No funds from the 2010 grant are reserved for this set aside

Sources and Uses

For Program year 2010

Sources:

Net Bond Proceeds	\$104,698,955
Undisbursed Capitalization Grants	\$29,031,853
2010 Capitalization Grant	\$17,960,000
Recycled Loan Account	\$70,955,953
Total	\$222,646,761

Uses:

Committed Loan Funds	\$139,388,105
Uncommitted loan funds	\$24,463,471
Capitalization Grants to be deposited in Reserve Fund	\$7,172,740
Recycled Loan Account available for Leveraged Reserve	\$48,185,732
Program Set Asides	\$3,436,713
Total	\$222,646,761

Appendix C

Project Priority System

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

Federal Fiscal Year 2010
Kansas Public Water Supply Loan Fund
Project Priority System

August 25, 2009

Kansas Department of Health and Environment
Kansas Public Water Supply Loan Fund
Project Priority System
FY 2010

I INTRODUCTION

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

II PRIORITY RATING CRITERIA

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

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

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

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

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

III IDENTIFICATION OF POTENTIAL PROJECTS

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

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

IV ADMINISTRATIVE PROCEDURES

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

1. The Bureau of Water will prepare annually, a tentative priority list of all projects to be included in the Intended Use Plan for possible funding during the following federal fiscal year. The tentative Project Priority List (PPL) will include the rank for each project. This list will contain projects equal to approximately 150% of available loan funds, to assure money is obligated.
2. The Bureau of Water will give public notice of the PPL and hold a minimum of one public hearing to receive comments. The Bureau of Water will provide information upon request, on the detailed calculation of the priority rank of a project.
3. The highest ranking projects equal to the money available will be given the first opportunity to apply for funding.
4. The Secretary of KDHE may amend the PPL and the Intended Use Plan to include a project requested by the Bureau of Water as needed to protect public health, or to meet emergency needs.
5. Projects will be elevated to the PPL for funding based on priority ranking and readiness to proceed.
6. A project must be listed in the PPL prepared by KDHE to receive a loan; unless funded under the emergency provision of VI.4 or the bypass provision of IV.
7. If available monies are not used by the projects identified in the PPL, those funds will be made available to the highest ranked projects ready to proceed. This ability to bypass projects is necessary to assure available funds are obligated on a timely basis.
8. Kansas legislation requires 20% of available loan funds to be made available to public water suppliers that serve less than 5000 people. If available, projects serving less than 5000 people, totaling at least 30% of available loan funds, will be included in the PPL to assure sufficient projects to meet the 20% requirement. Projects from public water suppliers serving less than 5000 population will be indicated on the Project Priority List and may be included in the PPL regardless of priority ranking, if necessary to meet the 20% requirement

V PROJECT RATING PROCEDURE

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

1. Water quality issues:

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

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

3. Reliability improvement:

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

4. Beneficiaries income:

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

5. Special categories:

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

6. KDHE point adjustment Up to 35 points

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. The 2000 Census data on income levels, as 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.

Appendix D

Public Participation Summary

State of Kansas

State Records Board

Notice of Meeting

The Kansas State Records Board will meet at 10 a.m. Tuesday, July 28, at the Kansas History Center, 6425 S.W. 6th Ave., Topeka. The board will consider requests from state agencies submitting proposals for retention and disposition of noncurrent government records. In addition, general administrative matters and other business will be discussed.

Matthew Veatch
State Archivist

Doc. No. 037317

(Published in the Kansas Register July 23, 2009.)

City of Hill City, Kansas

**Notice of Intent to Seek Private Placement
General Obligation Bonds, Series 2009**

Notice is hereby given that the city of Hill City, Kansas (the issuer), proposes to seek a private placement of the above-referenced bonds. The maximum aggregate principal amount of the bonds shall not exceed \$560,000. The proposed sale of the bonds is in all respects subject to approval of a bond purchase agreement between the issuer and the purchaser of the bonds and the passage of an ordinance and adoption of a resolution by the governing body of the issuer authorizing the issuance of the bonds and the execution of various documents necessary to deliver the bonds.

Dated July 6, 2009.

Debbie Budig
City Clerk

Doc. No. 037315

State of Kansas

Pooled Money Investment Board

Notice of Investment Rates

The following rates are published in accordance with K.S.A. 75-4210. These rates and their uses are defined in K.S.A. 2008 Supp. 12-1675(b)(c)(d) and K.S.A. 2008 Supp. 12-1675a(g).

Effective 7-20-09 through 7-26-09

Term	Rate
1-89 days	0.14%
3 months	0.13%
6 months	0.26%
1 year	0.45%
18 months	0.75%
2 years	1.03%

Elizabeth B.A. Miller
Director of Investments

Doc. No. 037290

State of Kansas

**Department of Health
and Environment**

Notice of Hearing

A public hearing will be conducted at 2 p.m. Tuesday, August 25, in the Azure Conference Room, fourth floor, Curtis State office Building, 1000 S.W. Jackson, Topeka, to discuss the Kansas Public Water Supply Loan Fund (KPWSLF) 2010 Intended Use Plan (IUP). The IUP details how available KPWSLF funds will be utilized during the 2010 program year. Copies of the IUP can be obtained online at <http://www.kdheks.gov/pws/loan/loanfund.htm>. 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, Suite 420, Topeka, 66612.

Roderick L. Bremby
Secretary of Health
and Environment

Doc. No. 037296

State of Kansas

**Department of Health
and Environment**

Public Notice

The Kansas Department of Health and Environment is announcing the availability of the Restoration Plan and Environmental Assessment for the Anhydrous Ammonia Release that happened in Kingman County October 27, 2004. This document describes the natural resource damage settlement portion of the restoration alternatives the Kansas Natural Resource Trustee Council selected as a result of a natural resource damage settlement in 2008 with Magellan Ammonia Pipeline, L.P.

A copy of the restoration plan and environmental assessment is available for a 30-day public review during normal business hours at the KDHE, Bureau of Environmental Field Services, 1000 S.W. Jackson, Suite 430, Topeka, and online at <http://www.kdheks.gov/befs/index.html>. Copies of this notice also will be available at the Carnegie Library in Kingman and the Wichita Public Library. Copies of this notice will be published in the Kingman Leader-Courier and The Wichita Eagle.

Written comments or questions regarding the restoration plan and environmental assessment may be directed to Leo G. Henning, KDHE, Bureau of Environmental Field Services, 1000 S.W. Jackson, Suite 430, Topeka, 66612. In order to be considered, written comments must be postmarked on or received by August 22.

Roderick L. Bremby
Secretary of Health
and Environment

Doc. No. 037297

FY2010 IUP
Summary of Public Hearing
August 25, 2009

Only one person from the public attended the meeting. A short presentation was made that highlighted the increase in capitalization grant amounts and described the current limitations on leveraging.

FY2010 IUP Public Hearing
Attendance List
August 25, 2009

<u>Name</u>	<u>From</u>
Dave Waldo	KDHE
William Carr	KDHE
Rose Mary Saunders	KRWFA

Appendix E

List of Ineligible Projects and Activities

List of Ineligible Projects and Activities

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

Dams, or rehabilitation of dams;

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

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

Laboratory fees for monitoring;

Operation and maintenance expenses;

Projects needed mainly for fire protection;

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

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

Projects primarily intended to serve future growth.

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

Appendix F

Bond Leveraging

Year of Bond Issue	Bonds Leveraged from Reserve Account	State Match Bonds	Money Available to Loan Including State Match	Moody's Bond Rating	Fitch Bond Rating	Standard & Poor's Bond Rating
1997	\$42,490,000	\$2,930,000	\$43,793,586	A2	A+	
1998	\$37,615,000	\$2,075,000	\$38,866,142	A2	AA-	
2000	\$46,860,000	\$6,640,000	\$50,299,266	A2	AA	
2002	\$47,705,000	\$4,100,000	\$50,199,333	Aa3	AA	AA+
			\$1,846,927***			
			\$1,835,840***			
			\$327,900***			
2004 New	\$93,255,000	\$3,230,000	\$100,000,000	Aa1	AAA	AAA
2004 Refund	\$73,060,000	\$6,465,000		Aa1	AAA	AAA
Bonds Eliminated by Refunding	-\$75,775,000	-\$6,460,000				
2008	\$31,540,000	\$5,160,000	\$35,930,792	Aaa	AAA	AAA
Totals	\$296,750,000	\$24,140,000	\$323,099,786			

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