

Kansas Public Water Supply Loan Fund 2022 Intended Use Plan



Prepared by:

Kansas Department of Health and Environment
Division of Environment
Bureau of Water
Curtis State Office Building
1000 Jackson St,
Topeka KS, 66612



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	8
VII	Short and Long-Term Goals of the KPWSLF	8
VIII	Revolved Funds	9
IX	Description of Non-Project Activities to be Funded	9
X	Rates and Uses of Fees	12
XI	Cross Collateralization	13
XII	Cash Draw Ratio.....	14
XIII	Public Review.....	15

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. History of Credits Toward Future Grants
- 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 KPWSLF. This IUP covers activities during the 2022 program year, or fiscal year, which is July 1, 2021 through June 30, 2022. 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
- 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 2022 Intended Use Plan will also address requirements made through appropriation laws passed in recent years and through changes made by America's Water Infrastructure Act of 2018. Specifically, these requirements are (1) to provide additional subsidy as required by appropriation; (2) provide additional subsidy to Disadvantaged Communities; (3) allow loan repayment terms of 30 and 40 years; and (4) require all loans executed after January 16, 2014 to comply with American Iron and Steel (AIS) requirements.

Additional allotments (re-allotments) for the 2019 capitalization grant were made in January 2021 which provided an additional \$116,000 to the Kansas DW SRF program. An application for this supplemental amount was submitted to EPA in March 2021 and the grant was awarded on May 19, 2021.

The 2021 capitalization grant allotments were provided to KDHE on March 2, 2021. KDHE submitted the 2021 capitalization grant application on April 30, 2021, as of the publication of this document, the 2021 grant has not been awarded.

Allotments for the FFY 2022 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. As of May 31, 2021, Kansas had been awarded \$273,011,411 in capitalization grants from FFY 1997 thru FFY 2020.

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 2021 or January 2022.

II. LIST OF KPWSLF PROJECTS

In March of 2021, letters soliciting projects were sent to over 700 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 2021 Project Priority List (PPL) to create the 2022 Project Priority List. Thirty additional eligible projects for \$71.9M were submitted for consideration and placement on the 2022 PPL. All projects are listed in order of project ranking and projects with the same ranking are further sorted by increasing project amount. The 2022 PPL can be found in Appendix A.

In order to maximize the use of available funds, all projects on the PPL will be allowed to complete 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 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 that the loan applicant is ready to proceed. KDHE always reserves the right to fund lower priority ranking projects over higher priority ranking projects, if the loan applicant 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, 2021, the KPWSLF had \$123,038,582 of existing funds available for disbursement but a total loan commitment to disburse of \$191,211,794. This means there would be a shortage of \$68,173,212 if all loan commitments requested disbursements immediately. 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 2021 capitalization grant (12M), the 2022 capitalization grant and required match (estimated \$14M total) and from funds that revolve (estimated at \$16M). With these assumptions, KDHE will have an approximate shortfall of \$16M to be able to fund all current loan commitments. KDHE anticipates it will issue bonds during the program year to ensure funds are available for disbursements.

The PPL lists all eligible and current projects that have been submitted for loan fund consideration. Historically only a small percentage 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 financing due to lack of available funds and KDHE does not anticipate that to change. However, small systems may decline a loan if anticipated principal forgiveness funds are not available to offset or eliminate the cost of loan repayments. The Fund will "plan to make available" funds equal to the cumulative 2022 PPL project total of \$198.1M. Projects for systems serving populations of 5,000 or less represent 38% of the estimated amount of available loan funds in the 2022 IUP and projects for systems that serve less than 10,000 represent 47% of the estimated available loan funds in the 2022 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 requires the KPWSLF assist economically disadvantaged communities by using at least 6% but no more than 35% of the capitalization grant in the form of loan subsidies, including principal forgiveness. The KPWSLF has defined a disadvantaged community as any municipality that serves a population of 150 or less.

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.

In December of 2016 the Kansas Department of Commerce, Kansas Department of Health and Environment, and the U.S. Department of Agriculture – Rural Development executed a Memorandum of Understanding forming a partnership to promote, foster and implement regional water projects. The purpose of the partnership is to advance the development of regional water projects through a collaborative effort in each of the agency’s water funding programs. KDHE has agreed to provide principal forgiveness for qualifying projects. However, once a regional project has been submitted to the partnership for review, KDHE has agreed not to unilaterally fund a project for those entities without the agreement of the other two agencies.

IV. FINANCIAL STATUS OF THE KPWSLF

The KPWSLF is operating as a cash flow leveraged loan program. 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 2022 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. KDHE anticipates leveraged bonds will be issued during the program year to meet cashflow needs.

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.

As of May 31, 2021, KDHE had 360 loan agreements or offers in place for a total of \$909,442,378. Loans have been finalized (projects completed) for 312 of those agreements and 195 of the loans have been repaid in full. Existing loan agreements had a commitment balance amount of \$191,211,794 (amount needed to fully disburse existing loan commitments).

For the 2022 PPL, the KPWSLF will assume the full amount of the PPL, \$198M can 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 2022 program year.

KDHE does not commit 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 allows for capitalization grant funds to be disbursed as priority therefore reducing unliquidated obligations of federal grants. KDHE expects to fully disburse the loan portion of the 2021 capitalization grant and the set aside portions of the 2019 capitalization grant during the program year.

At least once a year, a cash flow analysis for the next 20-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 February 2021 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, 2020. This and future annual reports can be found on the KDHE web site www.kdheks.gov/pws/loansgrants/loanfunddocumentsadministration.html.

V. INTEREST RATES AND ADDITIONAL SUBSIDY

The state statute that controls the maximum term for loan repayments (K.S.A 65-163i(b)) was amended during the 2019 legislative session to allow loans with repayments up to 40 years. The corresponding regulations (K.A.R 28-15-52(c) and K.A.R 28-15-53(a)) were amended on February 28, 2020 which allows KDHE to execute loans with repayment periods that exceed 20 years. Interest rates for loans will be calculated differently depending on the length of repayment of the loan.

In accordance with K.A.R 28-15-52, the KPWSLF gross interest rate (loan interest rate plus service fee rate) will be set as a percentage of the previous three months’ average of the Bond Buyers 20 Year General Obligation Bond Index according to the following table:

Loan Repayment Period	Percentage of Index 3 Month Average
Up to 20 years	60%
Between 20 and 30 years	70%
Between 30 and 40 years	80%

Additional subsidy is mandated by both congressional appropriations and the Safe Drinking Water Act. The additional subsidy required by congressional appropriations to date, have not contained eligibility restrictions so SRF programs can set eligibility requirements independently.

The Fund will meet the congressionally mandated additional subsidy requirement by awarding principal forgiveness for (1) projects 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 that are under a KDHE Consent Order (as long as the project will satisfy the requirements of the Consent Order), (3) projects that would result in system consolidation (two or more systems combine and only one system exists afterward), (4) projects that would allow the creation to a Public Wholesale Water Supply District or facilitate additional membership to such a District, and (5) projects that remove and replace all known lead appurtenances in the system and known lead service lines that are privately owned. This will encourage projects that satisfy goals of both state and federal laws. The congressionally mandated additional subsidy can also be used for disadvantaged community principal forgiveness if funds are not exhausted using this eligibility criteria.

For these eligible project types, the principal forgiveness will be calculated at 30% of the disbursed loan amount associated with the qualifying portion of project, up to a maximum principal forgiveness amount of \$1,000,000. Principal forgiveness will only be available to qualifying loans as funds remain available. Qualifying loans that are executed after KDHE has met its 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. All mandated additional subsidy through the 2021 capitalization grant has been committed to loans. Unless the 2022 appropriation language requires mandated additional subsidy there will be no principal forgiveness funds available for these project types.

The Safe Drinking Water Act requires drinking water SRF programs provide between 6% and 35% of annual capitalization grants as additional subsidy to Disadvantaged Communities as determined by the SRF program. Federal statute and regulation define Disadvantaged Communities as the entire service area of a public water system that meets affordability criteria established by the State after public review and comment.

The KPWSLF will measure affordability by the population of the community. The affordability of water infrastructure costs can be significantly limited by the population supporting the water system, especially for systems with populations of 150 or less. These small systems do not have the economy of scale to affordably pay debt service and may not be able to afford any long-term debt commitment that would require repayment during a population decline. Furthermore, these small systems have a disadvantage in obtaining debt financing due to lack of detailed financial information and controls that are often evaluated in a creditworthiness assessment that can be used to determine the interest rate of the loan.

A Disadvantaged Community is defined as a public water supply system that serves a population of 150 or less. Population for cities will be determined by the most current data certified by the Kansas Division of Budget and population for rural water districts will be determined by multiplying the number of residential meters by 2.5. Residential meter counts for rural water districts are confirmed by KDHE sanitary survey reports.

A Disadvantaged Community will qualify for 100% principal forgiveness up to \$500,000 for any project eligible under the Kansas Public Water Supply Loan Fund program.

This Disadvantaged Community additional subsidy will be additive to any other additional subsidy a system qualifies for. Awards for the Disadvantaged Community additional subsidy will be made

according to the ranking on the Project Priority List as funds allow.

The additional subsidy requirements and progress towards satisfying them are tracked for each applicable grant and reported in the KPWSLF Annual Report. The table below provides summary information on known additional subsidy requirements and estimated dates of finalization.

Additional Subsidy Requirements (Congressional Appropriations)

Grant Year	Required Additional Subsidy Amount	Projected Additional Subsidy (Includes Loans that are not Finalized)	Awarded Additional Subsidy (Finalized Loans)	Estimated Additional Subsidy Finalization Date
2016	\$1,894,600.00	\$1,894,600.00	\$1,843,405.64	Aug-22
2017	\$1,878,400.00	\$1,878,400.00	\$380,496.00	Aug-22
2018	\$2,577,400.00	\$2,577,400.00	\$308,654.50	Aug-22
2019	\$2,553,200.00	\$2,553,200.00	\$0.00	Aug-22
2020	\$1,788,500.00	\$1,788,500.00	\$0.00	Aug-22
2021	\$1,786,820.00	\$1,786,820.00	\$0.00	Aug-23
Totals	\$12,478,920.00	\$12,478,920.00	\$2,532,556.14	

Additional Subsidy Requirements (SDWA - Disadvantaged Communities)

Grant Year	Required Additional Subsidy Amount	Maximum Additional Subsidy	Projected Additional Subsidy (Includes Loans that are not Finalized)	Awarded Additional Subsidy (Finalized Loans)	Estimated Additional Subsidy Finalization Date
2019	\$765,960.00	\$4,471,250.00	\$765,960.00	\$0.00	Aug-22
2020	\$766,500.00	\$4,471,250.00	\$766,500.00	\$0.00	Aug-22
2021	\$765,780.00	\$4,467,050.00	\$733,155.97	\$0.00	Aug-23
Totals	\$2,298,240.00	\$13,409,550.00	\$2,265,615.97	\$0.00	

Possible projects on the 2022 PPL are eligible for an estimated \$9.83M in principal forgiveness. Because the 2022 capitalization grant has not been allocated yet, it is not possible to know if there will be a mandated congressional appropriated amount, nor is it possible to determine the minimum required amount of additional subsidy for Disadvantaged Communities. KDHE will determine which classification of additional subsidy (and associated grant year) an eligible project would be awarded from, at the time the principal forgiveness is awarded. KDHE anticipates only awarding the required minimum amount of additional subsidy for Disadvantaged Systems, however KDHE reserves the right to use up to the maximum amount depending on project demand, capitalization grant award timing, and risk to future capacity in meeting loan demands.

KDHE will commit available principal forgiveness funds according to the priority ranking found in the 2022 Intended Use Plan for eligible loans meeting the application submittal deadline of October 15, 2021.

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 execute loan agreements, it is not possible to list specific loans that will meet these requirements for the anticipated 2021 and 2022 capitalization grants. 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.
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 long-term 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. REVOLVED FUNDS

Revolved funds are revenues in excess of the amounts needed to make bond principal and interest payments. As of May 31, 2021, the Fund had approximately \$122M in revolved funds available for disbursement and anticipates another \$16M to be added during the 2022 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. A portion of the anticipated leveraged bond issue during the 2022 program year will reimburse for specific loan disbursements made prior to 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 set-asides and uses that can be utilized:

- A. administration of the KPWSLF (can use the greatest of \$400,000; 1/5 percent of the current valuation of the fund; or an amount equal to 4 percent of all grant awards to the fund under this section for the fiscal year)
- 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%)

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 2021 and 2022 grant. Funds from previous grants and work plans will be spent in addition to (or prior to) the reserved amounts

for the 2021 and 2022 grant. It is KDHE’s goal to have approximately 2 years of funds reserved in any set-aside to minimize unliquidated obligations.

For the 2021 capitalization grant the KPWSLF will use \$300,000 for SRF Program Administration (the maximum allowable is \$510,520 so KDHE will reserve a credit of \$210,520 for future capitalization grants), \$100,000 for Small Systems Technical Assistance (the maximum allowable is \$255,260 so KDHE will reserve a credit of \$155,260 for future capitalization grants), \$0 for Other Authorized Activities, and 10% (\$400,000) for State Program Management.

For the 2022 capitalization grant (assuming the same appropriation amount as the 2021 grant) the KPWSLF anticipates using \$450,000 for SRF Program Administration, 2% for Technical Assistance (\$255,260), 2% for Other Authorized Activities (\$255,260), and 4% (\$510,520) for State Program Management. These amounts are subject to change once KDHE is provided with the actual 2022 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

Grant	Amount Available	FY2022 Spending	FY2023 Spending	FY2024 Spending
2019	\$39,144	\$39,144		
2020	\$249,326	\$250,000		
2021	\$300,000		\$300,000	
2022(est.)	\$450,000			\$450,000

FY spending

Totals \$289,144 \$300,000 \$450,000

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 be implemented through contracts with service providers and through salary and costs of KDHE staff that provide assistance to qualifying systems through KDHE’s Area Wide Optimization Program (AWOP) or other KDHE staff assistance as needed. 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 could also be used to provide assistance in monitoring and analyzing harmful algal blooms associated with small systems.

Technical Assistance Set-Aside Spending Plan

Grant	Amount Available	FY2022 Spending	FY2023 Spending	FY2024 Spending
2019	\$253,678	\$200,000	53,678	
2020	\$0		\$0	\$0
2021	\$100,000		100,000	
2022(est.)	\$255,260		55,260	\$200,000

FY spending

Totals \$200,000 \$218,948 \$200,000

C. State Program Management

Funds from this set-aside will be used to pay salary and costs for the Capacity Development Program and Public Water Supply Supervision Program (which includes the Operator Certification Program). Up to 10% of the capitalization grant can be used for these activities. Duties of the positions funded by this set-aside can include management of the Capacity Development Program, maintaining and enhancing PWSS data systems, tracking and review of compliance data, enforcement activities, PWSS program management and development, operator certification program management and development, PWSS engineering plan review and permit issuance, and PWSS inspections. It is anticipated that this set aside will also be used on partial salaries for Bureau of Water and Public Water Supply administrators 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

Grant	Amount Available	FY2022 Spending	FY2023 Spending	FY2024 Spending
2020	\$719,502	\$600,000	\$119,502	
2021	\$400,000		\$400,000	
2022(est.)	\$510,520			\$510,520

FY spending

Totals \$600,000 \$519,502 \$510,520

D. Other Authorized Activities

Funds will be used to fund 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 drinking 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

Grant	Amount Available	FY2022 Spending	FY2023 Spending	FY2024 Spending
2020	\$802,494	\$400,000	\$402,494	
2021	\$0	\$0	\$0	
2022(est.)	\$255,260			\$255,260

FY spending

Totals		\$400,000	\$402,494	\$255,260
---------------	--	-----------	-----------	-----------

Summary of Capitalization Grant Uses

	FFY 2021	FFY 2022 (Estimated)
Direct Loan	\$11,963,000	\$11,291,960
Administration	\$300,000	\$450,000
Technical Assistance	\$100,00	\$255,260
State Program Management	\$400,000	\$510,520
Other Authorized Activities	\$0	\$255,260
Total	\$12,763,000	\$12,763,000

X. RATES AND USES OF FEES

For loans with an effective date before July 1, 2018, loan recipients were charged a one-time 0.25% Loan Origination Fee (LOF), this fee is not charged to loans executed after July 1, 2018. The LOF is typically capitalized in the loan amount, but recipients can make that payment from their own funds if desired. Every loan recipient pays a service fee on outstanding balances due semiannually (this service fee rate is included in the gross loan interest rate). For loans with an effective date after May 31, 2018 the service fee is calculated differently through the first 4 years of repayments than in the remaining years of repayments. Through the first 4 years of repayments the service fee will be equal to the gross interest rate minus 0.35%. For the remaining years of repayments, the

service fee will be equal to 0.35%. Fees collected through the first 4 years of repayments will be used as state match for future capitalization grants.

Fees obtained from the LOF are used to pay for financial reviews and technical assistance in completing loan applications. As of May 31, 2021, there was a balance of \$478,200 in the Loan Origination Fee account. The service fee on outstanding balances is used to pay for KPWSLF expenses such as accounting services, legal services associated with bonds, annual bond service fees, annual dues for the Council of Infrastructure Financing Authorities, and as state match for capitalization grants. The service fee account is also used for non-KPWSLF expenses such as software and computer equipment for the Public Water Supply section, salary and benefits (and other operating costs for the Public Water Supply Supervision Program), planning grants, emergency planning and design grants, annual dues for the Association of State Drinking Water Administrators and the Western State Water Council. As of May 31, 2021, the balance of the service fee account was \$3,408,785 with \$681,984 of that amount set aside to use as state match.

XI. CROSS COLLATERALIZATION AND TRANSFERS

The KPWSLF and KWPCRF are cross collateralized and process is explained in detail in the Operating Agreement between KDHE and EPA.

Both SRF programs use the same bond indenture referred to as the Master Financing Indenture (MFI). The 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).

The Kansas Department of Health and Environment reserves the right to transfer 33% of the amount of the Clean Water 2019, 2020, 2021 and 2022 capitalization grants to the Kansas Public Water Supply Loan Fund in the future. The transferred funds will not be federal funds and will

come from either bond proceeds, investment earnings, or recycled funds. This would help the KPWSLF to meet loan demands in the future and should not impact the ability for the KWPCRf to fund demand for projects.

	CW SRF Capitalization Grant Amount	Potential Transfer to DW SRF
2019	\$14,342,000	\$4,732,860.00
2020	\$14,344,000	\$4,733,520.00
2021	\$14,342,000	\$4,732,860.00
2022 Est.	\$14,342,000	\$4,732,860.00
	Total Transfer Authority	\$18,932,100

XII. CASH DRAW RATIO

The non-set-aside portion of the 2021 and 2022 capitalization grants will be direct loaned. KDHE will determine which loans receive capitalization grant funds at the time of disbursement. The 2021 capitalization grant requires a state match of \$2,552,600 of which \$189,163.60 was deposited on February 27, 2020. The remaining amount of \$2,363,436.40 needed for the state match of the 2021 capitalization grant was obtained from \$2,500,000.00 of bond proceeds that were deposited on March 11, 2021.

Public Water Supply Loan Fund Federal Grants/State Match Requirements

	Grant Award	SM	2017 SM	2018 SM	2019 SM	2020 SM	2021 SM
	EPA Grant	Date	Bonds	Bonds	Bonds	Bond	Bond
			10/05/17	04/05/18	03/01/19	02/27/2020	03/11/2021
FFY 2018	\$12,887,000	08/16/18	\$2,577,400	97,963.60	2,479,436.40		
FFY 2019	\$12,766,000	07/30/19	\$2,553,200	120,563.60	2,432,636.40		
FFY 2019 Supplemental	\$116,000		\$23,200		23,200.00		
FFY 2020	\$12,775,000	05/14/20	\$2,555,000		144,163.60	2,410,836.40	
FFY 2021	\$12,763,000		\$2,552,600			189,163.60	2,363,436.40
FFY 2022**	\$12,763,000		\$2,552,600				136,563.60
Total SM Bond Proceeds per Issue			\$1,500,000	\$2,600,000	\$2,600,000	\$2,600,000	\$2,500,000

** Estimated grant amount not yet allocated

The \$189,163.60 that was deposited in 2020 was fully disbursed to loans in March of 2020 (as documented for the 2020 capitalization grant application). The remaining requirement of \$2,363,436.40 that was deposited on March 11, 2021 was fully disbursed to loans by March 29, 2021, prior to any grant draws, therefore the draw ratio for the 2021 capitalization grant is 100%.

XIII. PUBLIC REVIEW

A public hearing on the FY2022 Intended Use Plan and Priority Ranking System was held on June 23, 2021. A copy of the meeting notice was published in the Kansas Register. The hearing attendance list and a summary of the hearing is included in Appendix D.

Appendix A

Project Priority List

2022 Project Priority List

7/1/2021

Municipality Name	Project #	Priority Rating	Project Description	Loan Request \$	Population Served	Potential PF \$
Lucas	3088	38	New WTP to Reduce Nitrate and Construction of 50,000 Gallon Storage Tower	\$1,500,000	391	\$230,000
Palco	3104	38	New WTP to Reduce Nitrate	\$2,000,000	267	\$600,000
Randall	3096	33	New well to reduce DBP's, Storage Tower, Waterline Replacement	\$980,000	62	\$644,000
Ellis	3037	31	Improvements to Reduce Bromide and TTHM	\$1,750,000	2,029	
Bushton	3024	30	New Source or Treatment to Reduce Radium	\$2,000,000	256	\$600,000
KC Board of Public Utilities	2951	23	Replace Small Diameter Waterlines and Storage Reservoir	\$25,000,000	180,419	
Belle Plaine	3064	21	New Water Treatment Plant to Reduce Nitrates and Replace Waterlines and Storage	\$6,000,000	1,568	\$1,000,000
McPherson Co. RWD #1	3072	18	Combine Distribution Systems, Replace Disinfection System, Replace Waterlines and Storage	\$1,200,000	135	\$500,000
Linn Co. RWD#2	3084	18	Waterline Looping and New Water Tower.	\$1,700,000	3,980	
Hutchinson	3025	16	Waste Stream and Raw Water Line Improvements at the Water Treatment Plant	\$1,500,000	41,258	
Manhattan	3017	16	Water Treatment Plant Lime Sludge Lagoon Improvements	\$3,000,000	66,020	
Barber Co. RWD #1	3022	15	Replace Distribution System Pipes to Eliminate Drip Distribution System	\$500,000	95	\$500,000
Johnson Co RWD #7	3039	15	Connect to New Source	\$1,900,000	6,457	
Attica	3085	13	Rehabilitate Concrete Reservoir	\$100,000	557	
Timken	3051	13	Replace Waterlines	\$303,860	69	\$303,860
Mount Hope	3066	13	Waterline Replacement and AMR System	\$400,000	800	
Barber Co. RWD #3	3082	13	New Wells, Replace Waterlines, Controls, Meters and Chlorination Building	\$447,321	325	
Coolidge	3030	13	Replace Well Pump and Service Meters, Storage and Treatment Plant Improvements	\$500,000	93	\$500,000
Esbon	3013	13	Replace Waterlines	\$500,000	91	\$500,000
Park	3028	13	Replace Waterlines	\$500,000	113	\$500,000
Moran	3038	13	Replace Waterlines	\$650,000	514	
Cawker City	3094	13	Replace Water Storage Tower	\$900,000	451	
Fulton	3089	13	Waterline Replacement	\$1,000,000	155	
Linwood	3093	13	Replace Waterlines	\$1,000,000	419	
South Hutchinson	3065	13	Replace Waterlines	\$1,100,000	2,503	
Smith Co. RWD#1	3083	13	New Wells, Chlorination Building, Rehab Storage, Replace Waterlines	\$1,199,530	380	
Wellington	3071	13	Waterline Replacement	\$1,200,000	8,619	
Caney	3023	13	Pump Station and Water Storage Improvements and Waterline Replacement	\$1,500,000	1,991	
Vermillion	3098	13	Waterline Replacement	\$2,034,969	102	\$500,000
Coldwater	3095	13	Waterline replacement, New well and wellhouse, Telemetry system and Distribution Looping	\$2,100,000	736	
Chanute	3033	13	Water Treatment Plant Improvements	\$2,750,000	9,018	
Independence	3058	13	Replace Waterlines and Install Automated Meter Reading System	\$3,000,000	12,308	
Newton	2962	13	Replace Ground Storage and Rehabilitate Elevated Storage	\$3,700,000	19,105	
Liberal	3077	13	Waterline Replacement	\$4,060,000	22,260	

Peabody	3097	13	Replace distribution mains, service lines, valves, meters and fire hydrants	\$6,000,000	1,101	
Osage City	3091	13	Waterline Replacement and WTP Rehabilitation	\$7,000,000	5,686	
Humboldt	3092	13	Waterline Replacement	\$12,000,000	1,887	
Douglas	3080	11	Automated Meter Reading System Installation	\$200,000	1,658	
Gove	2992	11	Storage Rehab and Emergency Generator	\$350,000	72	\$350,000
Jennings	3034	11	New Valves, Meters, and Disinfection Equipment and Water Storage Improvements	\$360,000	92	\$360,000
Bartlett	3020	11	Waterline Replacement	\$500,000	74	\$500,000
Haddam	3050	11	Replace Waterlines and Rehab Water Storage	\$500,000	97	\$500,000
Osborne Co. RWD #1A	3016	11	Waterline Replacement	\$500,000	81	\$500,000
Portis	3027	11	Replace Waterlines	\$500,000	92	\$500,000
Moundridge	3076	11	New Wells Transmission Main for Blending	\$1,200,000	4,137	
Sedgwick Co. RWD #3	3026	11	Replace Water Storage Tank	\$1,500,000	5,408	
Cherokee Co. RWD#4	3079	11	New Storage Tank and Transmission Main	\$1,800,000	1,500	
Ellsworth Co. RWD #1	3031	11	Replace Waterlines and Meters, Storage Tank Improvements	\$3,000,000	7,245	
Highland	3090	11	Replace Waterlines	\$3,163,900	1,001	
Leon	3087	11	Replace Chlorination Building, Meters, Control System, and Waterlines	\$3,175,000	733	
Osawatomie	3086	11	Replace Waterlines	\$4,500,000	13,704	
Leavenworth Waterworks Board	3102	11	New 4 million gallon water storage tank, 16 inch water transmission mains.	\$5,800,000	64,889	
Wichita	2979.2	11	New Water Treatment Plant - 2nd Year	\$55,000,000	500,000	
Chautauqua Co. RWD #3	3007	10	AMR Meter System	\$37,000	200	
Ingalls	3074	10	Emergency Power Generator	\$54,000	289	
Paradise	3078	10	Historic Limestone Water Tower Rehabilitation	\$250,000	49	\$250,000
Derby	3018	10	Waterline Replacement	\$270,000	24,721	
Colwich	3032	10	New Well and Disinfection Treatment Facility	\$485,000	1,409	
Fontana	3059	10	Replace Waterlines and Water Storage Tank	\$500,000	232	
Mahaska	3075	10	Replace Water Tower	\$500,000	76	\$500,000
Ottawa Co. RWD #2	3054	10	Replace Water Storage Tank and Install Automated Meter Reading System	\$1,000,000	1,794	
Osage Co. RWD #7	3073	10	Waterline Replacement	\$1,000,000	1,842	
Jefferson Co. RWD#13	3081	10	WTP Rehab, New Well, Transmission Main, Back Up Generator	\$3,900,000	4,711	
Scott City	2982	10	WTP Rehab, New Storage, Well Improvements, & Waterline Replacement	\$7,100,000	3,890	
				\$200,120,580		\$9,837,860

New Projects

39% of funds on PPL for systems serving population of less than 5,000 for entire list
48% of funds on PPL for systems serving population of less than 10,000 for entire list

Disadvantaged Communities

7/1/2021

Municipality Name	Project #	Priority Rating	Project Description	Loan Request \$	Population Served	Potential PF \$
Randall	3096	33	New well to reduce DBP's, Storage Tower, Waterline Replacement	\$980,000	62	\$644,000
McPherson Co. RWD #1	3072	18	Combine Distribution Systems, Replace Disinfection System, Replace Waterlines and Storage	\$1,200,000	135	\$500,000
Barber Co. RWD #1	3022	15	Replace Distribution System Pipes to Eliminate Drip Distribution System	\$500,000	95	\$500,000
Timken	3051	13	Replace Waterlines	\$303,860	69	\$303,860
Coolidge	3030	13	Replace Well Pump and Service Meters, Storage and Treatment Plant Improvements	\$500,000	93	\$500,000
Esbon	3013	13	Replace Waterlines	\$500,000	91	\$500,000
Park	3028	13	Replace Waterlines	\$500,000	113	\$500,000
Vermillion	3098	13	Waterline Replacement	\$2,034,969	102	\$500,000
Gove	2992	11	Storage Rehab and Emergency Generator	\$350,000	72	\$350,000
Jennings	3034	11	New Valves, Meters, and Disinfection Equipment and Water Storage Improvements	\$360,000	92	\$360,000
Bartlett	3020	11	Waterline Replacement	\$500,000	74	\$500,000
Haddam	3050	11	Replace Waterlines and Rehab Water Storage	\$500,000	97	\$500,000
Osborne Co. RWD #1A	3016	11	Waterline Replacement	\$500,000	81	\$500,000
Portis	3027	11	Replace Waterlines	\$500,000	92	\$500,000
Paradise	3078	10	Historic Limestone Water Tower Rehabilitation	\$250,000	49	\$250,000
Mahaska	3075	10	Replace Water Tower	\$500,000	76	\$500,000

\$9,978,829

\$7,407,860

New Projects

Appendix B

Sources and Uses Table

Sources and Uses

For Program Year 2022

Sources:

Beginning Cash and Investments	\$129,687,791
Interest Earnings (other than loan repayments)	\$500,000
2019 Grant	\$292,823
2020 Grant	\$1,771,323
2021 Grant	\$12,763,000
Loan Repayments	\$23,912,550
Service Fees	\$1,300,000
Bond Proceeds	\$50,000,000
Total Sources	\$220,227,487

Uses:

Loan Disbursements	\$90,000,000
SRF Administration	\$700,000
Public Water Supply Supervision Assistance	\$2,350,000
SRF Debt Service Payments	\$10,651,522
Investments	\$116,525,965
Total Uses	\$220,227,487

Appendix C

Project Priority System

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

State Fiscal Year 2022
Kansas Public Water Supply Loan
Fund Project Priority System

July 1, 2021

**Kansas Department of Health and
Environment Kansas Public Water
Supply Loan Fund Project Priority
System
FY 2022**

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
---	-----------------

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, complete KanCap board member training classes, or add treatment for unregulated contaminants that are covered by an EPA health advisory.

Appendix D

Public Participation Summary

Kansas Permit No. M-VE21-0002
Federal Permit No. KS0086207

Legal Description: SE¼, NE¼, SW¼, S18, T34S, R14E, Montgomery County, Kansas

The proposed action is to reissue an existing State/NPDES permit for an existing facility. This facility is a three-cell wastewater stabilization lagoon system. The proposed permit contains limits for biochemical oxygen demand, total suspended solids, and pH, as well as monitoring for ammonia, E. coli, and nitrate + nitrite.

Name and Address of Applicant	Receiving Stream	Type of Discharge
-------------------------------	------------------	-------------------

Tribune, City of PO Box 577 Tribune, KS 67879	White Woman Creek	Treated Domestic Wastewater
---	-------------------	-----------------------------

Kansas Permit No. M-UA41-0001
Federal Permit No. KS0085642

Legal Description: NW¼, SE¼, NW¼, S21, T18S, R40W, Greeley County, Kansas

The proposed action is to reissue an existing State/NPDES permit for an existing facility. This is a three-cell wastewater stabilization lagoon system. The proposed permit contains limits for biochemical oxygen demand, total suspended solids, pH, chlorine residual, and E. coli, as well as monitoring for ammonia.

Persons wishing to comment on or object to the draft documents and/or permit applications must submit their comments in writing to the Kansas Department of Health and Environment (KDHE) if they wish to have the comments or objections considered in the decision-making process. All written comments regarding the draft documents, application or registration notices received on or before June 19, 2021, will be considered in the formulation of the final determination regarding this public notice. Please refer to the appropriate Kansas document number (KS-AG-21-184/186, KS-Q-21-037/044) and name of the applicant/permittee when preparing comments.

All comments received will be responded to at the time the Secretary of Health and Environment issues 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). A request for public hearing must be submitted in writing and shall state the nature of the issues proposed to be raised during the hearing.

Comments or objections for agricultural related draft documents, permit applications, registrations or actions should be submitted to the attention of Matthew Steele Ph.D., P.E., Section Chief, Livestock Waste Management Section at the KDHE, Bureau of Environmental Field Services (BEFS), 1000 SW Jackson, Suite 430, Topeka, KS 66612. Comments or objections for all other proposed permits or actions should be sent to Michael Beezhold at the KDHE, Bureau of Water, 1000 SW Jackson St., Suite 420, Topeka, KS 66612.

All draft documents/applications and the supporting information including any comments received are on file and may be inspected at the offices of the KDHE. For agricultural related draft documents or applications an appointment can be scheduled, or copies requested by contacting Rachel Hammond, BEFS, Livestock Waste

Management Section at 1000 SW Jackson St., Suite 430, Topeka, KS 66612, telephone 785-296-0076 or email at kdhe.feedlots@ks.gov. For all other proposed permits or actions an appointment can be scheduled, or copies requested by contacting Christopher Zwiener, Bureau of Water, 1000 SW Jackson St., Suite 420, Topeka, KS 66612, telephone 785-296-3056 or email at Christopher.Zwiener@ks.gov. 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 at <http://www.kdheks.gov/feedlots>. Division of Environment offices are open from 8:00 a.m. to 5:00 p.m., Monday through Friday, excluding holidays.

Lee A. Norman, M.D.
Secretary

Doc. No. 049154

State of Kansas
Department of Health and Environment

Notice of Hearing

A public hearing is scheduled to be conducted at 1:00 p.m. Wednesday, June 23, 2021, in the Azure Conference Room of the Curtis State Office Building, 1000 SW Jackson St., 4th floor, Topeka, Kansas, to discuss the 2022 Intended Use Plans (IUP) for the Kansas Public Water Supply Loan Fund (KPWSLF) and the Kansas Water Pollution Control Revolving Fund (KWPCRF). These Intended Use Plans will make additions to the Project Priority List of each program and include estimates and uses of anticipated capitalization grants from EPA. Copies of the draft IUPs can be obtained online at www.kdheks.gov/pws/loansgrants/loanfunddocumentsadministration.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. Due to the uncertainty of gathering restrictions that may be in effect at the time and location of the scheduled public hearing, written comments are strongly encouraged. Written comments should be addressed to William Carr, Bureau of Water, Kansas Department of Health and Environment, 1000 SW Jackson St, Suite 420, Topeka, KS 66612.

Lee A. Norman, MD
Secretary

Doc. No. 049152

State of Kansas
Department of Health and Environment

Request for Comments

In accordance with Section 303(e) of the Federal Clean Water Act (CWA) and the interpreting regulations at 40 CFR 130.5, the Kansas Department of Health and Environment (KDHE) Bureau of Water has prepared an up-

(continued)

FY2022 IUP
Summary of Public Hearing
June 23, 2021

FY2022 IUP Public
Hearing Attendance
List

Name

From

William Carr
Rod Geisler

KDHE
Public

The hearing was structured as a short discussion on affordability criteria, loan forgiveness capacity, SRF bond issuing practices, and new projects that appear on the Project Priority List.

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 routine 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

History of Credits Toward Future Grants

History of Credits Toward Future Grants

Year of Capitalization Grant	Technical Assistance Set-Aside	State Program Management Set-Aside	Administration Set-Aside
1997		\$422,071.00	
1998		\$485,000.00	
1999		\$485,000.00	
2000	\$145,717.00	\$485,000.00	
2001			\$1,674.00
2002		\$181,626.00	\$369,388.00
2003	\$183,584.00	\$485,000.00	
2004	\$190,442.00		
2005	(\$50,000.00)		(\$371,062.00)
2006	(\$125,422.00)		
2007	(\$60,420.00)		
2008	(\$62,080.00)		
2009	(\$84,500.00)		
ARRA	\$390,000.00		\$780,000.00
2010		\$1,660,500.00	
2011	(\$57,610.00)		(\$25,147.00)
2012	(\$70,380.00)		\$200,000.00
2013	(\$93,960.00)		
2014			\$201,600.00
2015			
2016			(\$189,460.00)
2017	(\$93,920.00)		
2018			\$65,480.00
2019			\$60,640.00
2020	\$255,500.00		\$261,000.00
2021	\$155,260.00		\$210,520.00
Totals	\$622,211	\$4,204,197	\$1,564,633

Appendix G

Cash Flow Analysis Summary



Kansas Development Finance Authority
MFI Bonds - DW
Cashflow Analysis

Projected Revenue Coverage

(Semiannual Rollover)

Period Ending	MFI DW Loan Interest Repayments	MFI DW Earnings	MFI DW State Match Debt Service	Transfer from Interest Acct to Principal Acct.	Revenue Fund Principal Beg Balance	MFI DW Loan Principal Repayments	Lev. Bonds Debt Service	MFI DW Periodic Surplus	MFI DW Annual Surplus	MFI DW Annual SM Coverage	MFI DW Annual Lev Coverage
12/31/2020	2,732,803				43,512,965			2,732,803			
5/1/2021	1,689,503	42,932	2,557,375		43,512,965	9,207,507	8,146,625	43,748,906	46,481,708	1.75 : 1	6.47 : 1
11/1/2021	1,725,591	62,474		965,394		9,321,980	1,243,250	9,866,794			
5/1/2022	1,649,223	33,004	2,504,897		9,044,124	11,215,756	9,463,250	929,836	10,796,630	1.39 : 1	2.01 : 1
11/1/2022	1,623,514	43,066		1,666,579		16,942,467	2,259,625	16,349,421			
5/1/2023	1,528,469	19,075		1,547,544	16,349,421	7,735,661	7,499,625	1,783,580	18,133,001		2.86 : 1
11/1/2023	1,467,684	20,424		1,488,108		16,671,999	2,128,625	16,031,482			
5/1/2024	1,435,744	32,458		1,468,203	16,031,482	8,423,830	7,633,625	2,258,408	18,289,890		2.87 : 1
11/1/2024	1,612,268	34,163		1,646,431		8,536,797	1,991,000	8,192,228			
5/1/2025	1,552,965	40,319		1,593,284	8,192,228	8,012,130	7,771,000	1,834,413	10,026,642		2.03 : 1
11/1/2025	1,727,724	41,706		1,769,430		9,106,702	1,846,500	9,029,632			
5/1/2026	1,668,912	48,489		1,717,401	9,029,632	9,212,470	7,916,500	3,013,370	12,043,002		2.23 : 1
11/1/2026	1,635,153	50,760		1,685,914		9,294,814	1,694,750	9,285,978			
5/1/2027	1,545,734	57,736		1,603,470	9,285,978	8,953,912	8,064,750	2,492,632	11,778,610		2.21 : 1
11/1/2027	1,466,551	59,617		1,526,168		8,720,988	1,535,500	8,711,656			
5/1/2028	1,518,549	66,162		1,584,710	8,711,656	8,689,207	8,225,500	2,048,418	10,760,074		2.10 : 1
11/1/2028	1,438,452	67,709		1,506,161		8,634,800	1,368,250	8,772,711			
5/1/2029	1,359,674	74,300		1,433,974	8,772,711	8,025,008	8,393,250	1,065,732	9,838,443		2.01 : 1
11/1/2029	1,467,382	75,111		1,542,492		7,947,853	1,192,625	8,297,720			
5/1/2030	1,395,473	81,345		1,476,818	8,297,720	7,954,060	8,567,625	863,253	9,160,973		1.94 : 1
11/1/2030	1,323,959	82,004		1,405,963		8,017,291	1,008,250	8,415,003			
5/1/2031	1,252,031	88,327		1,340,357	8,415,003	7,977,064	8,753,250	564,171	8,979,175		1.92 : 1
11/1/2031	1,181,036	88,761		1,269,797		8,007,129	814,625	8,462,302			
5/1/2032	1,110,128	95,119		1,205,248	8,462,302	8,076,339	3,109,625	6,171,962	14,634,264		4.73 : 1
11/1/2032	1,038,662	99,759		1,138,422		7,528,390	757,250	7,909,561			
5/1/2033	976,766	105,703		1,082,469	7,909,561	7,602,106	3,167,250	5,517,325	13,426,886		4.42 : 1
11/1/2033	914,255	109,852		1,024,107		7,577,532	697,000	7,904,639			
5/1/2034	852,132	115,792		967,925	7,904,639	7,192,294	3,227,000	4,933,219	12,837,858		4.27 : 1
11/1/2034	793,857	119,504		913,361		7,216,268	633,750	7,495,878			
5/1/2035	735,418	125,137		860,555	7,495,878	6,932,892	3,288,750	4,504,697	12,000,575		4.06 : 1
11/1/2035	679,567	128,527		808,094		6,782,321	567,375	7,023,039			
5/1/2036	625,289	133,806		759,095	7,023,039	6,544,054	3,352,375	3,950,774	10,973,813		3.80 : 1
11/1/2036	573,644	136,780		710,425		6,056,560	497,750	6,269,234			
5/1/2037	527,509	141,494		669,003	6,269,234	6,013,951	3,422,750	3,260,204	9,529,438		3.43 : 1
11/1/2037	481,832	143,951		625,783		6,071,126	424,625	6,272,284			
5/1/2038	435,698	148,666		584,365	6,272,284	5,615,742	3,499,625	2,700,481	8,972,766		3.29 : 1
11/1/2038	394,041	150,703		544,744		5,652,040	347,750	5,849,034			
5/1/2039	352,100	155,102		507,202	5,849,034	5,458,902	3,572,750	2,393,354	8,242,388		3.10 : 1
11/1/2039	311,767	156,897		468,664		5,306,289	267,125	5,507,828			
5/1/2040	272,930	161,028		433,957	5,507,828	5,157,721	3,657,125	1,934,553	7,442,381		2.90 : 1
11/1/2040	235,501	162,479		397,980		4,019,347	182,375	4,234,951			
5/1/2041	209,504	165,655		375,159	4,234,951	3,943,128	3,742,375	575,912	4,810,864		2.23 : 1
11/1/2041	184,437	166,087		350,523		3,012,714	93,375	3,269,862			
5/1/2042	167,843	168,539		336,383	3,269,862	2,794,121	3,828,375	(697,871)	2,571,991		1.66 : 1
	47,871,274	4,100,521	5,062,272	45,001,660		331,163,259	149,854,375	271,731,371	271,731,371		