

Kansas Public Water Supply Loan Fund 2020 Intended Use Plan



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I. INTRODUCTION

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

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

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

The criteria and methods established to distribute the funds; A description of the financial status of the KPWSLF;

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

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

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

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

This 2020 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.

Due to delayed appropriation bills for federal fiscal year 2019, the 2019 capitalization grant allotments were not provided to KDHE until April 22, 2019. KDHE submitted the grant application on June 4, 2019, but the grant was not awarded before the publication of this IUP.

Allotments for the FFY 2020 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, 2019, Kansas had been awarded \$247,354,411 in capitalization grants

from FFY 1997 thru FFY 2018.

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 2019 or January 2020.

II. LIST OF KPWSLF PROJECTS

In April of 2019, letters soliciting projects were sent to over 800 public water suppliers eligible to receive assistance from the Kansas Public Water Supply Loan Fund. These projects were combined with the projects left over from the 2019 Project Priority List (PPL) to create the 2020 Project Priority List. Twenty-one additional eligible projects for \$41.5M were submitted for consideration and placement on the 2020 PPL. All projects are listed in order of project ranking and projects with the same ranking are further sorted by increasing project amount. The 2020 PPL can be found in Appendix A.

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

Any project that is funded by a KPWSLF loan agreement executed after 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, 2019, the KPWSLF had \$78,474,501 of existing funds available for disbursement but a total loan commitment to disburse of \$88,015,327. This means there would be a shortage of \$9,540,825 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 2019 and 2020 capitalization grants as well as the state match funds required for 2020 grant award (estimated \$25M total) and from funds that revolve (estimated at \$29M). With these assumptions, KDHE will have \$44.5M available for new commitments in program year 2020. Additionally, KDHE will issue bonds during any program year when funds available for disbursement are projected to reach a shortfall. Funds available for disbursements are currently projected to last throughout the 2020 program year.

The PPL lists all eligible and current projects that have been submitted for loan fund consideration. Historically only about 30% of the projects listed on the PPL complete loan applications due to project abandonment or delays due to project readiness to proceed. If municipalities that are provided with a loan application do not complete it by the deadline given to them, and they are otherwise nonresponsive, they will be bypassed and removed from the PPL. All projects are considered above the funding line.

State law requires KDHE to make 20% of the total dollar amount in loans to be made available from the Fund to public water supply systems with populations less than 5,000 people. The SDWA requires 15% of the total amount available for assistance from the Fund each year to be made available to systems serving less than 10,000 people. These requirements were established to ensure small systems have access to loan funds. Historically, no small system has been denied loan funding due to lack of available funds and KDHE does not anticipate that to change. 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 2020 PPL project total of \$413,792,504. Because of the large cost of the project for the City of Wichita, the small system requirements of state law will not be met. However, both the state law and federal law have exceptions to their provisions if small systems have not requested assistance in amounts sufficient to meet these requirements, which is the case for the 2020 PPL. Projects for systems serving populations of 5,000 or less represent 17% of the estimated amount of available loan funds in the 2020 IUP and projects for systems that serve less than 10,000 represent 22% of the estimated available loan funds in the 2020 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 2019 and 2020 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 2020 capitalization grant. Leveraged bonds are issued according to cash flow needs (cash needed for disbursements), not necessarily for loan commitment needs. Because there can be up to a two year delay between loan execution and project construction, the cash available for disbursements does not need to be equal to the total loan commitment amount at any given time. Although the Fund may need to issue bonds in the future to accommodate the cash flow needs of loans committed during the 2020 program year, KDHE does not anticipate the need to issue leveraged bonds during the program year as available cash exceeds the estimated amount needed for loan disbursements which is \$40M to \$50M.

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, 2019, KDHE had 324 loan agreements or offers in place for a total of \$736,493,362.63. Loans have been finalized (projects completed) for 289 of those agreements and 159 of the loans have been repaid in full. Existing loan agreements had a commitment balance

amount of \$88,015,327.38 (amount needed to fully disburse existing loans).

For the 2020 PPL, the KPWSLF estimates \$413M will be made available for commitment to new loans. The Sources and Uses table in Appendix B shows estimated financial resources and the planned utilization of those resources for the 2020 program year (note values are for disbursement amounts not commitment amounts). The table further separates the amounts between loans, set-asides, and fees. The table shows existing loan disbursement sources from recycled funds of \$78M, however to fully disburse all existing loan agreements and potential new loans for the projects on the PPL, \$501M would be needed (total uses for loans). The \$423M shortfall of funds will be reduced by an estimated \$25M when the 2019 and 2020 capitalization grant is awarded, and the state match for the 2020 award is deposited and further reduced by \$29M when future recycled funds become available during the year. The remaining shortfall of \$368M would be obtained by issuing bonds but bonds would only be issued when needed to meet cash flow needs which is not anticipated for 2020. The Sources and Uses table depends on a large amount of bond proceeds to be listed to meet the EPA policy requiring that the sources and uses amounts are equal. It is worth noting that the need to issue bonds is mostly dependent on the City of Wichita executing a loan for its project on the 2020 PPL and the cash disbursements needs for that single project will likely be spread over 5 to 6 years. KPWSLF bond issues would be sized appropriately to accommodate cash flow needs each for individual 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 2019 and 2020 capitalization grants and the set aside portions of the 2017 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 March 2019 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, 2018. 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) are anticipated to be amended during the 2020 program year to allow KDHE to execute loans with repayment periods that exceed 20 years. Once the regulation amendment is finalized, the interest rate will vary 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.

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

Part of the America's Water Infrastructure Act of 2018 (S. 3021, Public Law 115–270) 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	Allowed Additional Subsidy amount	Projected Additional		Estimated Additional Subsidy Finalization Date
			Subsidy (Includes Loans that are not Finalized)	Awarded Additional Subsidy (Finalized Loans)	
2012	\$2,196,200.00	\$3,294,300.00	\$2,707,135.43	\$1,845,494.43	Sep-2019
2013	\$2,060,400.00	\$3,090,600.00	\$3,090,599.99	\$1,362,009.59	Sep-2019
2014	\$2,016,000.00	\$3,024,000.00	\$3,024,000.00	\$0.00	Sep-2019
2015	\$2,002,800.00	\$3,004,200.00	\$2,970,784.00	\$0.00	Sep-2019
2016	\$1,894,600.00	\$1,894,600.00	\$1,890,810.17	\$1,350,810.17	Jan-2020
2017	\$1,878,400.00	\$1,878,400.00	\$1,878,399.00	\$0.00	Aug-2020
2018	\$2,577,400.00	\$2,577,400.00	\$1,537,999.00	\$0.00	Aug-2021
2019	\$2,553,200.00	\$2,553,200.00	\$0.00	\$0.00	Aug-2022
Totals	\$17,179,000.00	\$21,316,700.00	\$17,099,727.59	\$4,558,314.19	

Additional Subsidy Requirements (SDWA - Disadvantaged Systems)					
Grant Year	Required Additional Subsidy Amount	Allowed Additional Subsidy amount	Projected Additional		Estimated Additional Subsidy Finalization Date
			Subsidy (Includes Loans that are not Finalized)	Awarded Additional Subsidy (Finalized Loans)	
2019	\$765,960.00	\$4,468,100.00	\$610,000.00	\$0.00	Aug-2021
Totals	\$765,960.00	\$4,468,100.00	\$610,000.00	\$0.00	

Possible projects on the 2020 PPL are eligible for an estimated \$11,299,947 in principal forgiveness. Because the 2020 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 Systems. 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 2020 Intended Use Plan for eligible loans meeting the application submittal deadline of October 31, 2019.

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 2018, 2019, and anticipated 2020 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. RECYCLED FUNDS

Recycled funds are revenues in excess of the amounts needed to make bond principal and interest payments. As of May 31, 2019, the Fund had approximately \$78M in recycled funds available for disbursement and anticipates another \$29M to be added during the 2020 program year.

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

IX. DESCRIPTION OF NON-PROJECT ACTIVITIES TO BE FUNDED

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

- A. administration of the KPWSLF (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 2019 and 2020 grant. Funds from previous grants and work plans will be spent in addition to (or prior to) the reserved amounts for the 2019 and 2020 grant. It is KDHE’s goal to have approximately 2 years of funds reserved in any set-aside to minimize unliquidated obligations.

For the 2019 capitalization grant the KPWSLF anticipates using \$450,000 for SRF Program Administration (the maximum allowable is \$510,640 so KDHE will reserve a credit of \$60,640 for future capitalization grants), 2% for Technical Assistance (\$255,320), and 5% (\$638,300) for State Program Management.

For the 2020 capitalization grant (assuming the same appropriation as the 2019 grant) the KPWSLF anticipates using \$450,000 for SRF Program Administration, 2% for Technical Assistance (\$255,320), and 5% (\$638,300) for State Program Management. These amounts are subject to change once KDHE is provided with the actual 2020 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	FY2020 Spending	FY2021 Spending	FY2022 Spending
2018	\$430,000	\$430,000		
2019	\$450,000	\$20,000	\$430,000	
2020 (est.)	\$450,000		\$20,000	\$430,000

FY spending Totals \$450,000 \$450,000 \$430,000

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 assistance to provide training services to small systems through KDHE’s Area Wide Optimization Program (AWOP). 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	FY2020 Spending	FY2021 Spending	FY2022 Spending
2017	\$56,531	\$56,531		
2018	\$257,740	\$150,000	\$107,740	
2019	\$257,740		\$92,260	\$165,480
2020 (est.)	\$257,740			\$45,000

FY spending Totals \$206,531 \$200,000 \$210,480

C. State Program Management

Funds from this set-aside will be used to pay salary and costs for the Capacity Development Program, and to pay salary and costs for the Public Water Supply Supervision Program which includes the Operator Certification Program. Up to 10% of the capitalization grant can be used for these activities. 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	FY2020 Spending	FY2021 Spending	FY2022 Spending
2018	\$246,000	\$246,000		
2019	\$638,300	\$400,000	\$238,300	
2020 (est.)	\$638,300		\$402,300	\$236,000

FY spending Totals \$646,000 \$640,600 \$236,000

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	FY2020 Spending	FY2021 Spending	FY2022 Spending
2017	\$157,000	\$157,000		
2018	\$257,740		\$150,000	107,740

FY spending

Totals \$157,000 \$150,000 \$107,740

Summary of Capitalization Grant Uses

	FFY 2019
Direct Loan	11,422,380
Administration	450,000
Technical Assistance	255,320
State Program Management	638,300
Other Authorized Activities	0
Total	\$12,776,000

	Estimated FFY 2020
Direct Loan	11,422,380
Administration	450,000
Technical Assistance	255,320
State Program Management	638,300
Other Authorized Activities	0
Total	\$12,776,000

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 obtained from the LOF are used to pay for financial reviews and technical assistance in completing loan applications. As of May 31, 2019, there was a balance of \$500,829.63 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, 2019, the balance of the service fee account was \$3,257,545.00.

XI. CROSS COLLATERALIZATION

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 and 2020 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.

XII. CASH DRAW RATIO

The non-set-aside portion of the 2019 and 2020 capitalization grants will be direct loaned. KDHE will determine which loans receive capitalization grant funds at the time of disbursement. The 2019 capitalization grant requires a state match of \$2,553,200, of which \$120,563.60 was deposited on October 2017. The remaining required amount of \$2,432,636.40 needed for the state match of the 2019 capitalization grant was obtained from \$2,600,000.00 of bond proceeds that were deposited on February 28, 2019. There is \$167,363.60 of that deposited state match that will be allocated to the 2020 cap grant requirement.

Public Water Supply Loan Fund Federal Grants/State Match Requirements

	EPA Grant	Grant Award Date	SM requirement	2018 SM Bonds 4/5/18	2019 SM Bonds 2/28/19
FFY 2018	\$12,887,000	08/09/18	\$2,577,400	\$2,479,436.40	
FFY 2019	\$12,766,000		\$2,553,200	\$120,563.60	\$2,432,636.40
FFY 2020**	TBD		TBD		\$167,363.60
Totals	\$241,000,122			\$2,600,000	\$2,600,000

** Grant not yet allotted amounts are estimated.

The \$120,563.60 that was deposited in 2018 was fully disbursed to loans in April 2018 (as documented for the 2018 capitalization grant application). The remaining requirement of \$2,432,636.40 that was deposited on February 28, 2019 was fully disbursed to loans by March 5, 2019, prior to any grant draws. The draw ratio for the 2019 capitalization grant is 100%.

XIII. PUBLIC REVIEW

A public hearing on the FY2020 Intended Use Plan and Priority Ranking System was held on June 25, 2019. A copy of the meeting notice was published in the Kansas Register. The hearing attendance list and a summary of the hearing will be included in Appendix D.

Appendix A

Project Priority List

2020 Project Priority List

July 1, 2019

Municipality Name	Project #	Priority Rating	Project Description	Loan Request \$	Cumulative Amount \$	Population Served	Potential PF \$
Frontenac	2985	40	New Well, Treatment Plant Upgrades, Storage Imp., Pipe Replacement	\$11,013,958	\$11,013,958	3,413	\$1,321,485
Englewood	2880	38	Construct New Wells to Resolve Nitrate Compliance	\$500,000	\$11,513,958	77	\$500,000
Bunker Hill	2998	33	Resolve Radium Violation with Treatment or New Source	\$500,000	\$12,013,958	95	\$500,000
Beloit	2986	33	New Water Treatment Plant to reduce TTHM's	\$11,374,750	\$23,388,708	4,155	\$3,412,425
KC Board of Public Utilities	2950	23	Replace Ground Storage Reservoir	\$10,000,000	\$33,388,708	180,419	
KC Board of Public Utilities	2951	23	Replace Small Diameter Waterlines	\$10,000,000	\$43,388,708	180,419	
Osborne Co. RWD #2	3006	20	Consolidate with Post Rock	\$750,000	\$44,138,708	55	\$714,285
Johnson Co. RWD #7	2988	15	New Waterlines to Serve Unserved Area	\$4,000,000	\$48,138,708	6,457	
Public Wholesale WSD # 23	2964	15	Construct Connection to Howard, Elk Co. RWD #2, and Severy	\$4,096,856	\$52,235,564	13,658	\$1,229,057
Miami Co. RWD #2	3001	15	Expand Water T treatment Plant to Meet Demand	\$20,888,300	\$73,123,864	26,531	
Lucas	2978	13	Replace Waterline	\$45,000	\$73,168,864	393	
St. Francis	2984	13	Loop Distribution System	\$115,910	\$73,284,774	1,294	
Melvorn	2910	13	Waterline Replacement	\$181,335	\$73,466,109	369	
Fulton	2994	13	Waterline Replacement	\$200,000	\$73,666,109	158	
Portis	2995	13	Distribution System Replacement	\$400,000	\$74,066,109	96	\$400,000
Vermillion	3009	13	Connect to New Source	\$496,640	\$74,562,749	102	\$496,640
Phillipsburg	2949	13	Waterline Replacement	\$500,000	\$75,062,749	2,543	
Park	2993	13	Distribution System Replacement	\$500,000	\$75,562,749	116	\$500,000
Osage City	3000	13	Waterline Replacement	\$500,000	\$76,062,749	5,954	
Fredonia	3002	13	Waterline Replacement	\$500,000	\$76,562,749	2,270	
Humboldt	2970	13	Water Treatment Plant Rehab, Storage Rehab, and Waterline Replacement	\$1,000,000	\$77,562,749	1,973	
Toronto	2971	13	Replace Waterlines	\$1,000,000	\$78,562,749	778	
Esbon	3013	13	Replace Waterlines	\$1,200,000	\$79,762,749	91	\$500,000
Coffeyville	2943	13	Install AMI Metering System and SCADA	\$1,600,000	\$81,362,749	15,000	
Lincoln Center	2992	13	Replace Waterlines	\$2,500,000	\$83,862,749	1,209	
Newton	2962	13	Replace Ground Storage and Rehabilitate Elevated Storage	\$3,700,000	\$87,562,749	19,105	
Marion	2987	13	Waterline Replacement	\$3,934,478	\$91,497,227	2,044	
Garnett	2966	13	Replace Water Treatment Plant	\$12,966,768	\$104,463,995	6,905	
Barber Co. RWD #3	2944	11	Replace Wells	\$300,000	\$104,763,995	305	
Leon	2990	11	New Well and Disinfection Treatment Facility	\$300,000	\$105,063,995	732	
Gove	2992	11	Storage Rehab and Emergency Generator	\$350,000	\$105,413,995	72	\$350,000
Windom	3005	11	AMR Meter System	\$376,055	\$105,790,050	126	\$376,055
Cambridge	2974	11	Replace Waterlines	\$500,000	\$106,290,050	83	\$500,000
Bartlett	3010	11	Replace Waterlines	\$500,000	\$106,790,050	78	\$500,000
Canton	3008	11	Replace Waterlines	\$600,000	\$107,390,050	708	
Phillipsburg	3004	11	AMR Meter System	\$700,000	\$108,090,050	2,512	
Smith Co. RWD #1	2973	11	New Wells and Looping	\$800,000	\$108,890,050	380	
Mullinville	3014	11	Replace Waterlines	\$1,589,800	\$110,479,850	243	
Solomon	2980	11	Replace Waterlines	\$1,634,294	\$112,114,144	1,040	
Hanover	3012	11	Replace Waterlines	\$2,824,060	\$114,938,204	664	
Salina	2997	11	2019 Water Main Replacements	\$4,000,000	\$118,938,204	47,994	
Overbrook	2989	11	Replace Waterlines, Upgrade Pumpstation, and Rehabilitate Storage	\$6,175,300	\$125,113,504	1,014	
Washington	2969	11	Replace Waterlines	\$8,000,000	\$133,113,504	1,076	
Wichita	2979	11	New Water Treatment Plant	\$267,342,000	\$400,455,504	500,000	
Chautauqua Co. RWD #3	3007	10	AMR Meter System	\$37,000	\$400,492,504	200	
Bonner Springs	2955	10	Re-drill Well #3	\$400,000	\$400,892,504	4,665	
Bonner Springs	3003	10	AMR Meter System	\$500,000	\$401,392,504	7,784	
Emporia	2968	10	Replace Waterlines	\$1,000,000	\$402,392,504	32,605	
Bonner Springs	2864	10	Waterline Replacement and Looping	\$1,300,000	\$403,692,504	7,419	
Silver Lake	2981	10	Replace Waterlines	\$1,500,000	\$405,192,504	1,426	
Sabetha	2991	10	Water Treatment Plant Rehabilitation	\$1,500,000	\$406,692,504	4,826	
Scott City	2982	10	WTP Rehab, New Storage, Well Improvements, & Waterline Replacement	\$7,100,000	\$413,792,504	3,890	

Total PF \$11,299,947

17% of funds on PPL for systems serving population of less than 5,000 for entire list
 22% of funds on PPL for systems serving population of less than 10,000 for entire list

Appendix B

Sources and Uses Table

Sources and Uses

For Program year
2020 Amounts as of
May 31, 2019

Sources:

Funds Available for Loan Disbursements

Existing

Recycled Funds Unexpended (repayments, interest earnings) \$78,474,501

Estimated

2019 Grant Unexpended - Loans \$11,422,380

State Match Required for 2020 Grant (future bond proceeds) \$2,600,000

2020 Grant Unexpended - Loans (grant not allotted) \$11,422,380

Future Leveraged Bond Proceeds (need not anticipated for 2020, listed only for balancing purposes) \$368,242,048

Future Recycled Funds \$29,646,522

Total Sources for Loans \$501,807,831

Funds Available to be Used for Set-asides and Fees

Existing

2017 Grant Unexpended - Technical Assistance, Other Authorized Activities \$229,473

2018 Grant Unexpended - Administration, Technical Assistance, State Program Management, Other Authorized Activities \$1,245,969

SRF Service Fees Unexpended \$3,257,545

Loan Origination Fees Unexpended \$500,829

Estimated

2019 Grant Unexpended - Administration, Technical Assistance, State Program Management \$1,343,620

2020 Grant Unexpended - Administration, Technical Assistance, State Program Management, Other Authorized Activities \$1,343,620

Future Collection of SRF Service Fees \$500,000

Future Collection of Loan Origination Fees \$10,000

Total Sources for Set Asides and Fees \$8,431,056

Total Sources \$510,238,887

Uses:

Funds to be Used for Loans

Funds Needed to Meet Existing Loan Commitments \$88,015,327

Funds Needed for Loan Disbursements to Fund all 2020 PPL projects \$413,792,504

Total Uses for Loans \$501,807,831

Funding Uses for Set Asides and Fees

SRF Administration \$1,330,000

Technical Assistance thru SFY 2020 \$824,911

State Program Management thru SFY 2020 \$1,522,397

Other Authorized Activities thru SFY 2020 \$485,374

SRF and PWSS Administration from Fees \$3,757,545

Loan Financial Reviews \$510,829

Total Uses for Set Asides and Fees \$8,431,056

Total Uses \$510,238,887

Appendix C

Project Priority System

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

State Fiscal Year 2020
Kansas Public Water Supply Loan
Fund Project Priority System

July 1, 2019

**Kansas Department of Health and
Environment Kansas Public Water
Supply Loan Fund Project Priority
System
FY 2020**

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

State of Kansas

Department of Agriculture

Notice of Hearing

Pursuant to the provisions of K.S.A. 2-2117, a hearing will be conducted at 10:00 a.m. Wednesday, June 26, 2019, in room 124, Kansas Department of Agriculture, 1320 Research Park Dr., Manhattan, KS 66502, in the matter of the issuance of a permanent quarantine regarding Caucasian Bluestem and Yellow Bluestem (*Bothriochloa bladhii* and *Bothriochloa ischaemum*). The proposed quarantine would affect all area within the borders of the State of Kansas and would prohibit movement of regulated items into or within the quarantined area.

Regulated items under quarantine would include the following:

- All seeds, plants, or parts of the plant of either Caucasian Bluestem or Yellow Bluestem (*Bothriochloa bladhii* and *Bothriochloa ischaemum*) capable of growing or propagation.

All interested persons may attend the hearing and will be given the opportunity to express comments either orally or in writing, or both. Interested parties may appear in person or by counsel.

Written comments and requests for information concerning the proposed quarantine should be directed to Jeff Vogel, Plant Protection & Weed Control Program Manager, Kansas Department of Agriculture, 1320 Research Park Dr., Manhattan, KS 66502, email jeff.vogel@ks.gov, at or before the time of hearing. A copy of the proposed quarantine may be accessed on the department's website at <https://agriculture.ks.gov/document-services/public-comment>. Comments may also be made through our website under the proposed quarantine. For persons intending to present oral testimony at the hearing, prior notice to the department would be helpful in arranging the agenda. In order to give all parties an opportunity to present their views, it may be necessary to request each participant to limit oral presentation to five minutes.

Any individual with a disability may request accommodation in order to participate in the public hearing and may request a copy of the quarantine in an accessible format. Requests for accommodation should be made at least five working days in advance of the hearing by contacting Ronda Hutton at 785-564-6715 or by fax at 785-564-6777. Handicapped parking is located in the west parking lot and the entrance to the building is accessible to individuals with disabilities.

Michael M. Beam
Secretary

Doc. No. 047188

State of Kansas

Department of Health and Environment

Notice of Hearing

A public hearing will be conducted at 1:00 p.m. Tuesday June 25, 2019, in the Azure Conference Room, 4th floor, Curtis State Office Building, 1000 SW Jackson St., Topeka, Kansas, to discuss the Kansas Public Water Sup-

ply Loan Fund (KPWSLF) 2020 Intended Use Plan (IUP). The Intended Use Plan will make additions to the Project Priority List and include estimates and uses of anticipated Capitalization Grants from the Environmental Protection Agency. Copies of the draft IUP can be obtained online at <http://www.kdheks.gov/pws/loansgrants/loanfundsdocumentsadministration.html>

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

Comments can be presented at the hearing or in writing prior to the hearing. Written comments should be addressed to Linda White, 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. 047185

State of Kansas

Department of Health and Environment

Notice Concerning Proposed Kansas Air Quality Class I Operating Permit Renewal

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

ONEOK Field Services Company, LLC, PO Box 871, Tulsa, OK 74102-0871, owns and operates a natural gas compression and transmission facility located at Section 31, Township 21S, Range 40W, Hamilton County, Kansas.

A copy of the proposed permit, permit application, all supporting documentation, and all information relied upon during the permit application review process are available for public review during normal business hours of 8:00 a.m. to 5:00 p.m. at the KDHE, Bureau of Air (BOA), 1000 SW Jackson, Suite 310, Topeka, KS 66612-1366 and at the Southwest District Office, 302 W. McArthur Rd., Dodge City, KS 67801. To obtain or review the proposed permit and supporting documentation, contact Ashley Eichman, 785-296-1713, at the central office of the KDHE or Ethel Evans, 620-356-1075 at the Southwest District Office. The standard departmental cost will be assessed for any copies requested. The proposed permit, accompanied with supporting information, is available, free of charge, at the KDHE BOA Public Notice website, <http://www.kdheks.gov/bar/publicnotice.html>.

Please direct written comments or questions regarding the proposed permit to Ashley Eichman, KDHE, BOA,

FY2020 IUP
Summary of Public Hearing
June 25, 2019

FY2020 IUP Public
Hearing Attendance
List

June 25, 2019

Name
William Carr

From
KDHE

No one from the public attended the hearing so no presentation was made.

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
Totals	\$211,451	\$4,204,197	\$1,093,113

Appendix G

Cash Flow Analysis Summary

Kansas Development Finance Authority MFI
 Bonds - DW
 Cashflow Analysis

Projected Revenue Coverage

Period Ending	MFI DW Loan Interest Repayments	MFI DW Earnings	(Semiannual Rollover)				MFI DW Lev. Bonds Debt Service	MFI DW Periodic Surplus	MFI DW Annual Surplus	w/o-Govt. Int. Subs.	w-Govt. Int. Subs.	w/o-Govt. Int. Subs.
			State Match Service	MFI DW Interest Principal Acct.	Transfer from Acet to Debt	Revenue Fund Principal Beg Balance				MFI DW Loan Principal Repayments	MFI DW Annual SM Coverage	MFI DW Annual Lev Coverage
11/1/2018	2,987,990				2,987,990	17,497,729		2,987,990				
5/1/2019		940,388	2,650,856			17,497,729	9,567,785	6,219,476	9,207,466	1.48 : 1	2.14 : 1	2.14 : 1
11/1/2019	2,562,464	762,341	86,400	3,238,405		23,270,026	2,150,065	24,358,366				
5/1/2020	2,437,874	773,681	2,624,000	587,555		24,358,366	15,665,379	10,964,778	29,646,522	2.41 : 1	3.26 : 1	3.26 : 1
11/1/2020	2,357,513	546,643		2,904,156		10,776,014	1,568,528	12,111,642				
5/1/2021	2,337,846	404,899		2,742,745		12,111,642	8,024,251	10,793,528	(26,532)		1.98 : 1	1.98 : 1
11/1/2021	2,280,308	404,755		2,685,063		10,113,115	1,338,263	11,459,915				
5/1/2022	2,168,350	548,192		2,716,542		11,459,915	7,839,228	12,038,263	9,977,422		1.75 : 1	1.75 : 1
11/1/2022	4,059,533	529,849		4,589,383		15,914,818	1,072,250	19,431,950				
5/1/2023	1,889,946	772,938		2,662,883		19,431,950	8,019,564	4,962,250	25,152,147		5.17 : 1	5.17 : 1
11/1/2023	1,796,575	844,629		2,641,204		8,115,022	975,000	9,781,226				
5/1/2024	1,702,981	967,084		2,670,064		9,781,226	8,207,130	5,060,000	15,598,420		3.58 : 1	3.58 : 1
11/1/2024	1,886,668	1,039,988		2,926,656		8,294,492	872,875	10,348,274				
5/1/2025	1,850,330	1,169,531		3,019,861		10,348,274	7,775,233	5,162,875	15,980,493		3.65 : 1	3.65 : 1
11/1/2025	1,754,528	1,240,124		2,994,652		7,775,233	7,675,263	9,904,289				
5/1/2026	1,660,301	1,364,118		3,024,419		9,904,289	7,777,727	5,265,625	15,440,810		3.56 : 1	3.56 : 1
11/1/2026	1,564,768	1,433,515		2,998,283		7,777,727	7,841,087	653,125	10,186,245			
5/1/2027	1,468,604	1,561,033		3,029,638		10,186,245	7,496,753	5,383,125	15,329,511		3.54 : 1	3.54 : 1
11/1/2027	1,378,548	1,625,515		3,004,063		7,496,753	7,256,488	534,875	9,725,677			
5/1/2028	1,292,696	1,747,278		3,039,974		9,725,677	7,224,794	5,499,875	14,490,570		3.40 : 1	3.40 : 1
11/1/2028	1,207,567	1,807,030		3,014,597		7,224,794	7,060,317	410,750	9,664,164			
5/1/2029	1,125,296	1,928,024		3,053,320		9,664,164	6,445,589	5,620,750	13,542,323		3.25 : 1	3.25 : 1
11/1/2029	1,052,886	1,976,693		3,029,579		6,445,589	6,327,024	280,500	9,076,104			
5/1/2030	982,730	2,090,337		3,073,067		9,076,104	6,294,076	5,755,500	12,687,747		3.10 : 1	3.10 : 1
11/1/2030	913,474	2,135,675		3,049,149		6,294,076	6,351,285	143,625	9,256,809			
5/1/2031	843,735	2,251,578		3,095,313		9,256,809	6,311,273	5,888,625	12,774,769		3.12 : 1	3.12 : 1
11/1/2031	775,092	2,295,746		3,070,838		6,311,273	6,233,184		9,304,022			
5/1/2032	708,204	2,412,240		3,120,444		9,304,022	6,270,496		18,694,961			
11/1/2032	641,115	2,529,820		3,170,935		6,270,496	5,714,118		8,885,053			
5/1/2033	583,566	2,641,077		3,224,643		5,714,118	5,779,414		17,889,110			
11/1/2033	525,371	2,753,823		3,279,193		8,885,053	5,746,427		9,025,620			
5/1/2034	467,533	2,866,838		3,334,371		9,025,620	5,352,785		17,712,775			
11/1/2034	413,511	2,975,622		3,389,132		5,352,785	5,244,829		8,633,962			
5/1/2035	360,537	3,083,742		3,444,278		8,633,962	4,867,792		16,946,032			
11/1/2035	310,947	3,187,838		3,498,786		4,867,792	4,507,881		8,006,666			
5/1/2036	264,786	3,288,118		3,552,904		8,006,666	3,837,659		15,397,229			
11/1/2036	221,517	3,380,696		3,602,213		3,837,659	3,671,840		7,274,053			
5/1/2037	183,947	3,471,818		3,655,766		7,274,053	3,521,950		14,451,768			
11/1/2037	148,573	3,561,737		3,710,309		3,521,950	3,307,788		7,018,097			
5/1/2038	112,776	3,649,660		3,762,437		7,018,097	3,076,128		13,856,662			
11/1/2038	81,644	3,735,340		3,816,984		3,076,128	2,379,696		6,196,680			
5/1/2039	58,679	3,812,996		3,871,676		6,196,680	2,160,706		12,229,062			
11/1/2039	37,480	3,888,401		3,925,881		2,160,706	1,808,218		5,734,100			
5/1/2040	19,556	3,960,077		3,979,633		1,808,218	1,655,635		11,369,368			
	51,478,345	88,361,425	5,361,256	136,188,982		291,212,491	102,728,458	340,460,278	340,460,278			