

**Intended Use Plan for
the Kansas Water Pollution Control
Revolving Loan Program**

State Fiscal Year 2026



Effective July 1, 2025

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I. Introduction

The State of Kansas Intended Use Plan (IUP) for the Clean Water State Revolving Fund (CWSRF) is prepared in accordance with the provisions of Title VI of the Federal Water Pollution Control Act. If any additional provisions come with future federal funding, these will also be included in the KWPCRF program.

This IUP covers activities during the 2026 program year, or state fiscal year, which is July 1, 2025 through June 30, 2026. 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
- The criteria and methods established to distribute the funds
- Short and Long-Term Goals
- Information on SRF Activities to be Supported
- Assurances to meet requirements for binding commitments, expeditious and timely expenditure, first use of funds, and conducting environmental reviews
- Criteria and method for distribution of funds

The Kansas CWSRF was established pursuant to the Clean Water Act of 1987 and by state statutes K.S.A. 65-3321 thru 65-3329, to establish the Kansas Water Pollution Control Revolving Fund (KWPCRF) to provide below market interest rate financing to local governments for certain water quality projects. The implementing regulations are found at K.A.R. 28-16-110 thru 28-16-138. The KWPCRF operates through an Inter-Agency Agreement (IAA) between the Kansas Department of Health and Environment (KDHE), the Kansas Department of Administration (KDA), and the Kansas Development Finance Authority (KDFA). KDHE is responsible for all aspects of the KWPCRF and administers the technical and environmental aspects of the program, KDA provides accounting and fiscal management services, and KDFA issues bonds to provide state match and leveraging funds as well as fund investment administration.

The KWPCRF provides low-cost financial assistance for wastewater, stormwater and nonpoint source projects. Since the program's authorization in 1988, Kansas has awarded over \$1.9 billion in assistance to both small and large municipalities. In the upcoming year, Kansas has identified over \$705 million in potential projects listed on the Project Priority List (see the Project Priority List in Appendix A).

Every year since the inception of the KWPCRF program, the federal government has appropriated funds for the KWPCRF in the form of capitalization grants. These capitalization grants are distributed to states using a formula outlined in the Clean Water Act Amendments of 1988. Since 1989, the Kansas CWSRF has received over \$524 million in federal capitalization grants. In addition, as required by federal law, the state of Kansas has provided matching funds equal to 20 percent of capitalization grants (when required) through the use of service fees or by issuing state match revenue bonds. In some years, the KWPCRF has leveraged the program by issuing additional revenue bonds. The leveraging bonds allow Kansas to fund more projects sooner by making additional funds available. The KWPCRF receives an annual independent financial audit.

The Federal Water Pollution Control Act requires all CWSRF projects funded after September 30, 2015, regardless of funding source, to pay construction workers the federal Davis-Bacon wage rates for their job classification, comply with American Iron and Steel (AIS) requirements, comply with the federal environmental crosscutting authorities, and projects which repair, replace, or expand treatment works must provide a Fiscal Sustainability Plan (FSP) for the wastewater utility. KDHE must also obtain a certification from all applicants, in a manner determined by the Governor, that the

facility planning has studied and evaluated cost and effectiveness and efficiency of water use, reuse, recapture and conservation, and energy conservation, for all projects funded on or after October 1, 2015. These KDHE guidance documents are also available on the KDHE website at <https://www.kdhe.ks.gov/514/Loans-Grants>.

Project milestones and information are reported in the EPA Office of Water State Revolving Funds (OWSRF) database accessible through the internet. The KWPCRF commits to entering benefits information on all projects to the OWSRF database by the end of the quarter in which the assistance agreement is signed.

The Infrastructure Investment and Jobs Act (IIJA) was signed on November 15, 2021 which provides CWSRF programs with 2 additional capitalization grants over a total of 5 years (2022 to 2026). The 2025 allotments for IIJA General Supplemental (\$22,236,000 which can be used for any eligible project), IIJA Emerging Contaminants (\$1,920,000 which can only be used for addressing emerging contaminant issues), and the regular, or base, appropriation allotment (\$14,320,000) were all provided on May 15, 2025.

The 2025 IIJA General Supplemental, 2025 Base capitalization grant and 2025 Emerging Contaminants grant applications were submitted on June 5, 2025. The 2026 Base capitalization grant application will be submitted after Kansas obtains adequate state match funds. KDHE applied for the 2024 IIJA Emerging Contaminants grant application in July 2024.

Allotments for the Federal Fiscal Year 2026 EPA capitalization grants have not been determined as of the date of publication of this document and any special conditions or required program changes are also unknown. For planning purposes of this IUP, KDHE will assume the 2026 capitalization grant amounts will be \$21,736,000 for the IIJA General Supplemental, \$1,920,00 for the IIJA Emerging Contaminants, and \$7,369,000 for the base appropriation grants.

This Intended Use Plan can be amended to add projects or other provisions as needed after a public hearing. KDHE does not anticipate amending this IUP to add new projects to any of the Project Priority Lists.

II. List of KWPCRF Projects

In March of 2025, letters soliciting projects were sent to municipalities eligible to receive assistance from the Kansas Water Pollution Control Revolving Fund. The solicitation specifically mentioned green infrastructure projects, water efficiency projects, water related energy efficiency projects and other water related environmentally innovative projects were eligible. Newly submitted projects were combined with the projects left over from the 2025 Project Priority List (PPL) to create the 2026 Project Priority Lists. There are 2 PPLs, an Emerging Contaminant (EC) PPL which only lists projects that address emerging contaminants, and a Base Program PPL that lists all other eligible projects. Forty-three eligible projects for \$368.2M were submitted for consideration and placement on the 2026 PPLs. The projects that qualify as IIJA Emerging Contaminants projects are listed in a separate Emerging Contaminants PPL. The top section of each PPL contains projects that were listed from the 2025 Intended Use Plan and submitted complete applications before the required deadline, but KDHE was not able to process the applications and execute loan agreements before the program year ended. These loans will be executed during the 2026 program year regardless of project ranking or the funding line that is drawn for new projects. The 2026 PPLs can be found in Appendix A.

KDHE will have limited capacity to fund new executed loans for each of the PPLs. Project ranking and funding lines will be used to determine which systems get first availability to apply for project financing and application deadlines will be set. The projects in the attached PPLs are listed according to their priority rating. Any project above the funding line that does not meet the application

deadline will be bypassed and those funds will be made available to the next highest ranked projects on the PPL. The Base program PPL has a funding line that includes projects with a rating higher than 20. The Emerging Contaminants PPL will have a funding line that includes all projects listed.

In order to expeditiously execute loans for the available funds, projects below the funding line of the Base PPL will be allowed to complete loan applications, but those applications will not be considered until the deadline for the projects above the funding line has passed. If any of the projects above the funding line do not submit the loan application by the deadline established in the application notification, or if any system notifies KDHE that they are no longer interested in a KWPCRF loan, the projects will be removed from the PPL and funds will be made available to the next highest ranked project.

All of the loans in the Project Priority List are considered Section 212 Projects. There are no nonpoint source or estuaries projects listed in the Project Priority List.

III. Criteria and Method 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 each PPL. The Project Priority System is attached as Appendix F.

The funding order of projects may not be identical to the priority ranking that will be found in the upcoming draft PPLs (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.

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 the public hearing.

Through federal appropriation law, Congress has mandated that 10% of the 2025 capitalization grant amounts (\$1,432,000 for the base grant, \$2,223,600 for the IIJA General Supplemental, and \$192,000 for IIJA Emerging Contaminants) be put towards projects that qualify under the EPA Green Project Reserve (GPR) if such applications are submitted. Projects that qualify as GPR are indicated on the PPL. Projects initially not listed as GPR qualified may be considered GPR qualified after the loan application is evaluated. To comply with state law, KDHE will ensure a minimum 10% of the monies will be made available to municipalities with 5,000 population or less.

As of May 31, 2025, the KWPCRF had \$197M of existing funds available for disbursement but a total loan commitment to disburse of \$255M. This means there would be a shortage of approximately \$58M 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 2025 capitalization grants (\$38.5M), the 2026 capitalization grants (estimated \$29.8M total) and from funds that revolve.

The PPLs list 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

allowed to submit a loan application do not complete it by the deadline given to them, and they are otherwise nonresponsive, they will be bypassed and possibly removed from the PPL.

IV. Financial Status of the KWPCRF

The KWPCRF operates 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 issued state match bonds during the 2022 program year which produced \$9,000,000 of proceeds that were deposited into the CW SRF as state match. This amount provided state match for all the 2023 capitalization grants as well as a portion of 2024 capitalization grants. 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.

As of May 31, 2025, KDHE had 557 loan agreements or offers in place for a total of \$1,974,926,556. Loans have been finalized (projects completed) for 509 of those agreements and 343 of the loans have been repaid in full. Existing loan agreements had a commitment balance amount of approximately \$255M (amount needed to fully disburse existing loan commitments).

For the 2026 PPLs, the KWPCRF will assume the cumulative funding line amounts of the PPLs, \$516M, can be made available for commitment to new loans. The Sources and Uses table in Appendix B show estimated financial resources and the planned utilization of those resources for the 2025 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. The exception to this practice will be for projects listed in the EC PPL. For the EC PPL, the IJJA EC funds will be used to disburse an amount equal to the loan forgiveness of the project. KDHE expects to fully disburse the loan portion of the 2025 IJJA General supplemental and 2025 Base capitalization grants during the program year.

Comprehensive financial planning is essential for the KWPCRF. Financial planning is used to determine appropriate investment strategies, leveraging practices, use of additional subsidies, and annual and long-term financing capacity. The KWPCRF strives to balance the need to provide as much low-cost financing as possible while ensuring that the fund can continue to operate in perpetuity. Each year, KDHE and the partner agencies and various consultants review the financial conditions of the KWPCRF, including the need and timing to sell leveraging bonds.

With the anticipation of a bond issue, a cash flow analysis for the next 20-year period will be performed to aid in making long and short-term financial decisions for the Fund. The last cash flow analysis was performed in August 2024 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. A separate capacity analysis is also performed annually to help determine the funds available and establish funding lines for the PPL.

More detailed financial information can be found in the KWPCRF Annual Report. The most recent report covers the program year through June 30, 2024. This and future annual reports can be found on the KDHE web site <https://www.kdhe.ks.gov/518/Loan-Fund-Administration-Documents>.

V. Interest Rates and Additional Subsidy

In accordance with K.A.R. 28-16-113 (as amended April 26, 2024) the 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%

Additional subsidy is mandated by appropriation laws and the Clean Water Act. The tables below and on the following page show the amount of additional subsidy allowed and amounts committed for additional subsidy associated with open grants. The first table shows additional subsidy that can be awarded any eligible project that meets any state developed criteria. The second table shows additional subsidy awards that are restricted to criteria found in Section 603(i) of the Clean Water Act.

Additional Subsidy Requirements (Any State Criteria for Award)

Grant Year	Required Additional Subsidy Amount	Projected Additional Subsidy (Includes Loans that are not Finalized)	Awarded Additional Subsidy (Finalized Loans)	Amount left to Commit	Estimated Additional Subsidy Finalization Date
2019	\$1,434,200	\$1,434,200.00	\$997,121.34	\$0.00	Jul-25
2020	\$1,434,400	\$1,434,400.00	\$999,259.74	\$0.00	Apr-26
2021	\$1,434,200	\$1,434,200.00	\$193,006.72	\$0.00	Apr-26
2022	\$1,044,400	\$1,044,400.00	\$0.00	\$0.00	Jun-27
2022 BIL EC	\$861,000	\$861,000	\$0.00	\$0.00	TBD
2023 BIL EC	\$1,920,000	\$1,920,000	\$0.00	\$0.00	TBD
2023	\$677,100	\$677,100	\$0.00	\$0.00	Feb-27
2024	\$736,900	\$0	\$0.00	\$736,900.00	TBD
2024 BIL EC	\$1,920,000	\$1,920,000	\$0.00	\$0.00	TBD
2025	\$1,432,000	\$0	\$0.00	\$1,432,000.00	TBD
2025 BIL EC	\$1,920,000	\$0	\$0.00	\$1,920,000.00	TBD
2026 (Est.)	\$736,900	\$0	\$0.00	\$736,900.00	TBD
2026 BIL EC (Est.)	\$1,920,000	\$0	\$0.00	\$1,920,000.00	TBD
Totals	\$17,471,100	\$10,725,300.00	\$2,189,387.80	\$6,745,800.00	

Table 1

Additional Subsidy Requirements (Section 603(i) CWA eligibilities)						
Grant Year	Minimum Additional Subsidy	Maximum Additional Subsidy	Projected Additional Subsidy (Includes Loans that are not Finalized)	Amount Left to Commit for Minimums	Awarded Additional Subsidy (Finalized Loans)	Estimated Additional Subsidy Finalization Date
2019	N/A	\$4,302,600.00	\$0.00	\$0.00	\$0.00	
2020	N/A	\$4,303,200.00	\$8,976.40	\$0.00	\$8,976.40	
2021	N/A	\$4,302,600.00	\$0.00	\$0.00	\$0.00	
2022	\$1,044,400.00	\$3,133,200.00	\$1,044,400.00	\$0.00	\$0.00	Sep-26
2022 IJJA Gen	\$7,871,850.00	\$7,871,850.00	\$7,642,530.00	\$229,320.00	\$37,792.13	Sep-26
2023	\$677,100.00	\$2,031,300.00	\$677,100.00	\$0.00	\$0.00	Feb-27
2023 IJJA Gen	\$9,219,350.00	\$9,219,350.00	\$8,797,537.74	\$421,812.26	\$0.00	TBD
2024	\$736,900.00	\$2,210,700.00	\$0.00	\$736,900.00	\$0.00	TBD
2024 IJJA Gen	\$10,058,720.00	\$10,058,720.00	\$0.00	\$10,058,720.00	\$0.00	TBD
2025	\$1,432,000.00	\$4,296,000.00	\$0.00	\$1,432,000.00	\$0.00	TBD
2025 IJJA Gen	\$10,895,640.00	\$10,895,640.00	\$0.00	\$10,895,640.00	\$0.00	TBD
2026 (Est.)	\$736,900.00	\$2,210,700.00	\$0.00	\$736,900.00	\$0.00	TBD
2026 IJJA Gen (Est.)	\$10,058,720.00	\$10,058,720.00	\$0.00	\$10,058,720.00	\$0.00	TBD
Totals	\$52,731,580.00	\$74,894,580.00	\$18,170,544.14	\$34,570,012.26	\$46,768.53	

Table 2

Under the authority of Section 603(i) (A) of the Clean Water Act, projects that meet the affordability criteria found in Appendix F can qualify for up to 60% principal forgiveness of the associated loan disbursement amount, not to exceed \$2,000,000 for any single loan agreement (as funds are available).

Under the authority of Section 603(i) (B) of the Clean Water Act, projects that encourage sustainable project planning design and construction – specifically projects that develop regionalization studies, construct facilities that treat wastewater from more than one municipality, converts a mechanical treatment system (includes activated sludge package plant or Imhoff Tank) with a capacity of 1 MGD or less to a lagoon treatment system, or converts a discharging lagoon treatment system to a non-discharging lagoon treatment system, can qualify for up to 60% principal forgiveness of the associated loan disbursement amount, not to exceed \$2,000,000 (as funds are available).

Principal forgiveness cannot be used to pay the costs of interest and service fee charges during construction.

Congressional Appropriations have required 10% of certain Cap Grant amounts be used to fund projects eligible for the Green Project Reserve (GPR). The status of GPR spending is summarized in the table on the following page. Eight projects potentially qualify for the Green Project Reserve for an estimated \$5,101,000 as shown on the Project Priority List. More projects on the PPL may be determined eligible once more energy efficiency details are established during planning and design.

Green Project Reserve (GPR) Requirements (Congressional Appropriations)

Grant Year	Minimum GPR	Projected GPR (Includes Loans that are not Finalized)	Awarded GPR (Finalized Loans)	Estimated GPR Finalization Date
2019	\$1,434,200	\$1,434,200	\$1,434,200	Jul-25
2020	\$1,434,400	\$1,695,600	\$1,045,600.00	Apr-26
2021	\$1,434,200	\$1,434,200	\$652,900.00	Apr-26
2022	\$1,044,400	\$1,044,400	\$0.00	Jun-27
2022 IIJA EC	\$86,100	\$0.00	\$0.00	TBD
2022 IIJA Gen	\$1,606,500	\$1,606,500	\$0.00	TBD
2023	\$677,100	\$677,100	\$0.00	Feb-27
2023 IIJA EC	\$192,000	\$0.00	\$0.00	TBD
2023 IIJA Gen	\$1,881,500	\$1,881,500	\$0.00	TBD
2024	\$736,900	\$0.00	\$0.00	TBD
2024 IIJA EC	\$192,000	\$0.00	\$0.00	TBD
2024 IIJA Gen	\$2,052,800	\$0.00	\$0.00	TBD
2025	\$1,432,000	\$0.00	\$0.00	TBD
2025 IIJA EC	\$192,000	\$0.00	\$0.00	TBD
2025 IIJA Gen	\$2,223,600	\$0.00	\$0.00	TBD
Totals	\$16,619,700	\$9,773,500	\$3,132,700	

VI. Equivalency Projects

The KWPCRF 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 a 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 capitalization grants. Equivalency loans will be listed in the annual report.

The following additional requirements apply to Equivalency projects:

- Disadvantaged Business Enterprise utilization
- Single Audit Act
- Federal Funding Accountability and Transparency Act (FFATA) reporting
- Procurement of A/E services in accordance with the federal Brooks Act
- Buy America Build America Act (2022 and future grants)

VII. Short and Long-Term Goals of the KWPCRF

Kansas has developed short-term and long-term goals for the KWPCRF program. The status of these goals will be discussed in the annual report.

Short-Term Goals

1. To provide financial assistance to water quality improvement projects for discharge to streams and water bodies within high quality watersheds.
2. To provide financial assistance for sewerage facilities to municipalities with populations less than 5,000.
3. To assure compliance with Water Quality Standards and effluent limitations through encouraging construction of sewerage improvements in support of KDHE Permitting and Enforcement activities.
4. To encourage municipalities to use the KWPCRF for solving problems and providing improvements related to public health protection, water quality improvement, sludge handling improvements and biosolids reuse, asset management, energy efficiency, and wastewater treatment facilities compliance through the construction of sewerage projects.
5. To assure compliance with domestic sewage sludge reuse criteria and disposal practices through construction of any necessary sludge handling improvements to comply with the 40 CFR Part 503 EPA regulations.
6. Fund green infrastructure, water and energy efficiency and environmentally innovative projects if applications for such projects are submitted.

Long-Term Goals

1. To maintain a self-supporting, effective and efficient, revolving loan program through the Kansas Water Pollution Control Revolving Fund to provide the type and amount of assistance most advantageous to local communities and to provide low-cost financing for important water quality projects in order to improve and protect water quality and public health while maintaining the perpetuity of the CWSRF.
2. To support implementation of Water Quality improvements plans as presented within the Kansas Water Plan and TMDL plans written by KDHE and approved by EPA.
3. To provide funding to non-traditional projects for water quality improvement and public health protection projects, and non-point source pollution control projects.
4. Expand available financing by issuing KWPCRF leveraged bonds when needed.

VIII. Revolved Funds

Revolved funds are revenues in excess of the amounts needed to make bond principal and interest payments. As of May 31, 2025, the Fund had approximately \$194M in revolved funds available for disbursement and anticipates another \$27M to be added during the 2026 program year.

The KWPCRF 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. The program anticipates issuing bonds during the program year.

IX. Rates and Uses of Fees

As established by K.A.R. 28-16-113 the gross interest rate for a KWPCRF loan shall include the service fee. Assistance recipients are assessed a service fee of 0.25%, which is included as a component of the gross interest rate. The fee income is used to help cover the costs of administration of the KWPCRF by paying for a portion of KWPCRF staff salary and benefits, costs incurred by other state agencies under the IAA, costs of annual independent financial audits, ongoing costs of rent, travel, communications, office equipment, etc., for the KWPCRF program. Service fees are also used for other salaries and similar expenses of administering Section 106 activities such as the NPDES permit program. As service fees are earned on the FFY 2025 capitalization grants, \$250,000 of service fees are expected to be deposited into the CWSRF as program income earned during the grant period.

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 0.25%. For the remaining years of repayments, the service fee will be equal to 0.25%. The service fees collected through the first 4 years of repayments will be set aside and used as funds for future state match requirements.

X. Cross Collateralization and Transfers

The Master Financing Indenture (MFI) was established in 2010 by KDFA Bond Resolution No.287 and combines both the KPWSLF and KWPCRF programs as one entity for the purpose of interfacing with the capital market. All current outstanding bonds associated with the Kansas SRF programs are under the MFI. The entire MFI is structured as a cross collateralization mechanism as all interest revenues are pledged to the State Match bonds and all other revenues are pledged to the Leveraged Bonds.

The MFI interface provides for an understanding to bond holders as to how debt service will be paid. However, as indicated in Section 903 of the MFI, 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.

In the event that cross-collateralization is used to pay debt service on 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, the amount necessary 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.

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 Drinking Water 2019, 2020, 2021, 2022, 2023, 2024, 2025 and 2026 capitalization grants from the Kansas Water Pollution Control Revolving Fund 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. While the EPA IIJA Implementation Memo prohibits transfer of federal appropriations calculated for the IIJA Lead Service Line Replacement grants, there is no prohibition on transferring non-federal funds based on the amount of such grants because no federal appropriations will be transferred.

	DW SRF Capitalization Grant Amount	Potential Non- federal Transfer from CW to DW SRF
2019	\$12,882,000	\$4,251,060.00
2020	\$12,775,000	\$4,215,750.00
2021	\$12,879,000	\$4,250,070.00
2022	\$8,130,000	\$2,682,900.00
2022 IIJA General Supplemental	\$20,875,000	\$6,888,750.00
2022 IIJA LSL Replacement	\$32,891,000	\$10,854,030.00
2022 IIJA LSL Replacement Reallotment	\$2,723,000	\$898,590.00
2022 IIJA Emerging Contaminants	\$8,824,000	\$2,911,920.00
2023 Base	\$5,507,000	\$1,817,310.00
2023 IIJA General Supplemental	\$23,482,000	\$7,749,060.00
2023 IIJA LSL Replacement	\$28,650,000	\$9,454,500.00
2023 IIJA Emerging Contaminants	\$8,521,000	\$2,811,930.00
2024 Base	\$5,198,000	\$1,715,340.00
2024 IIJA General Supplemental	\$25,634,000	\$8,459,220.00
2024 IIJA LSL Replacement	\$28,650,000	\$9,454,500.00
2024 IIJA Emerging Contaminants	\$8,521,000	\$2,811,930.00
2025 IIJA General Supplemental	\$27,768,000	\$9,163,440.00
2025 IIJA LSL Replacement	\$28,650,000	\$9,454,500.00
2025 IIJA Emerging Contaminants	\$8,521,000	\$2,811,930.00
2025 Base	\$12,163,000	\$4,013,790.00
2026 IIJA General Supplemental (Est.)	\$27,768,000	\$9,163,440.00
2026 IIJA LSL Replacement (Est.)	\$28,650,000	\$9,454,500.00
2026 IIJA Emerging Contaminants (Est.)	\$8,521,000	\$2,811,930.00
Total Transfer Authority		\$128,100,390

XI. State Match Requirements

State match for the 2025 capitalization grants will be made with bond proceeds and SRF Service fees that will be deposited to coincide with scheduled grant payments. As of May 23, 2025, there is \$3,326,254.57 available for deposit and use for state match. Services fees in the amount needed to meet the 20% match requirement of the federal grants will be deposited during the program year, as estimated in the table on the following page, and used for state match.

State Match Allocations to Grants

			2024 SRF Issued 10/8/2024	State Match Service Fees May 23, 2025 \$3,326,254.57	State Match Service Fees Sept. 30, 2025 EST \$3,470,752
	EPA Grant	State Match Required			
FFY 2025	\$14,320,000	\$2,864,000	\$2,526,200	\$337,800	
FFY 2025 IIJA Gen. Supplemental	\$22,236,000	\$4,447,200		\$2,988,454	\$1,458,746
Future Grants					\$2,012,066

The 2026 grants will likely also be matched by using SRF service fees.

XII. Public Review and Comment

A public hearing on the FY 2026 Intended Use Plan was held on June 30, 2025. A copy of the hearing notice was published in the Kansas Register. The hearing attendance list and summary of the hearing is included in Appendix C.

APPENDIX A

2026 CWSRF Base Project Priority List

Project #	Municipality	Rating	NPDES Permit No.	Project Description	Loan Amount	Project Eligible for Additional Subsidy (Congressional, Sec. 603(i)(1)(A), Sec. 603(j)(1)(B))	Opportunity Zone; Yes =1, No = 0	Population 500 or less	MHI (Kansas MHI = 72,639; 80% = 58,111.2)	County Unemployment Rate (Kansas Ave = 3.742%; 115% = 4.303%)	Estimated Principal Forgiveness Amount	Estimated GPR Amount
3124-01	Elmdale		NA-NQ Lagoon	Sanitary Sewer Lift Station & Force Main Replacement	\$382,200	Sec. 603(i)(1)(A)		40			\$229,320	
3080-01	Haddam		NA-NQ Lagoon	Lift Station Rehabilitation Design	\$72,500			109				
3138-01	Osage City		KS0022675	South Area (Phase 5) Sanitary Sewer & Lagoon Cell #2 Improvements	\$1,600,000	Sec. 603(i)(1)(A)		2,816			\$960,000	
3077-03	Johnson County Wastewater		KS0055492	Nelson Wastewater Treatment Facility Improvements	\$76,740,000			613,219				
3099-01	Frontenac		KS0026131	New Mechanical WWTF - replace existing lagoon facility	\$21,175,190			3,400			\$2,000,000	
3021-01	Hawland		KS0027839	Wastewater Lagoon Improvements	\$1,476,000			667				
3027-01	Unified Gov. of Wyandotte		KS0095656	Stormwater Program Projects	\$70,500,000	Sec. 603(i)(1)(A)		153,345			\$2,000,000	
3049-02	Wichita		KS0043036	Rehab and Upgrade WWTP to Improve Nutrient Removal	\$120,000,000	Sec. 603(i)(1)(A)		391,731			\$1,000,000	
3108-01	Toronto		KS0021890	Replacement of existing mechanical WWTF with Non-Q Lagoon Facility	\$2,313,860	Sec. 603(i)(1)(B)		204			\$1,388,316	\$500,000
3025-01	Latham		NA-NQ Lagoon	Rehabilitate the Existing WWTF and Collection System	\$911,231	Sec. 603(i)(1)(A)		100			\$546,739	
3081-01	West Mineral		KS0080861	Sanitary Sewer Collection System Rehabilitation, inc. I&I correction	\$1,400,000	Sec. 603(i)(1)(A)		149			\$840,000	
3140-01	LeRoy		KS0030813	Wastewater Lagoon Rehabilitation	\$1,294,620	Sec. 603(i)(1)(A)		443			\$776,772	
3113-01	Allen		KS0080055	Sanitary Sewer System Improvements	\$2,813,480	Sec. 603(i)(1)(A)		160			\$1,688,088	\$650,000
3066-01	Ellsworth		KS0085693	Sanitary Sewer Line Rehabilitation & WWTF Conversion to Non-Q	\$10,200,000	Sec. 603(i)(1)(B)		3,133			\$2,000,000	
3095-01	Hiawatha		KS0096440	Improvements of South and Layton's Lift Stations	\$4,829,400			3,225				
3076-01	Lyons		KS0022730	Wastewater Treatment Plant Improvements	\$3,000,000			3,577				
3126-01	Garden Plain		KS0100111	Convert Existing Discharging WWTF to Non-Q Lagoon System	\$5,664,945	Sec. 603(i)(1)(B)		943			\$2,000,000	
3119-01	Thayer		KS0026450	Sanitary Sewer Collection System Rehabilitation - I&I Correction	\$4,684,755	Sec. 603(i)(1)(A)		430			\$2,000,000	
3085-01	Council Grove		KS0027898	Sanitary Sewer Collection System Rehabilitation	\$3,000,000			2,130				
3127-01	Columbus		KS0031445	Sanitary Sewer System Rehabilitation to address I&I	\$1,000,000			2,880				
3068-01	Centralia		KS0081418	Sanitary Sewer Collection System Rehabilitation - I&I Correction	\$4,532,997	Sec. 603(i)(1)(A)		486			\$2,000,000	
3154-01	Goessel	102	KS0081060	Convert Existing Discharging Lagoon Facility to Non-Q System	\$951,000	Sec. 603(i)(1)(B)	0	553	54,583	3.917%	\$570,600	\$951,000
3172-01	Lakewood Hills Impr. District	90	KS0095061	Construct New Non-Q Lagoon Facility to Replace Existing WWTF	\$5,000,000	Sec. 603(i)(1)(B)	0	358	77,393	3.675%	\$2,000,000	
3051-01	Clafin	80	KS0026441	Convert Mechanical WWTP to a Lagoon Treatment System	\$3,879,000	Sec. 603(i)(1)(B)	0	543	61,250	3.683%	\$2,000,000	\$950,000
3163-01	Longton	67	KS0046019	Rehabilitation of Existing WW Collection System & Lift Stations	\$3,958,000	Sec. 603(i)(1)(A)	0	283	40,938	4.275%	\$2,000,000	
3129-01	Nicodemus Township	64	NA-NQ Lagoon	Centralized WW collection system to replace failing septic systems	\$2,100,000	Sec. 603(i)(1)(A)	1	31	52,909	3.867%	\$1,260,000	
3162-01	Aurora	62	NA-NQ Lagoon	Wastewater Lagoon System Improvements	\$925,000	Sec. 603(i)(1)(A)	0	54	48,750	3.342%	\$555,000	\$300,000
3168-01	Elk City	62	KS0045969	Lift Station Repairs, WW Lagoon Improvements & Add. Cell	\$2,220,000	Sec. 603(i)(1)(A)	0	254	35,417	4.083%	\$1,332,000	
3018-01	Chanute	62	KS0080837	New Wastewater Treatment Plant	\$30,000,000		0	8,468	47,885	3.858%		
3161-01	Republic	60	NA-NQ Lagoon	Wastewater Lagoon System Improvements	\$1,200,000		0	79	70,259	2.867%		\$350,000
3152-01	Longford	52	NA-NQ Lagoon	Wastewater Lagoon Facility Improvements, Incl. Addition of Wetland Cell	\$997,606	Sec. 603(i)(1)(A)	0	71	55,000	3.675%	\$598,564	\$500,000
3147-01	Soldier	52	KS0081035	Wastewater Treatment Facility & Collection System Improvements	\$1,940,055	Sec. 603(i)(1)(A)	0	103	50,000	3.542%	\$1,164,033	
3153-01	Bronson	52	KS0045942	Sanitary Sewer Collection System Rehabilitation	\$2,683,000	Sec. 603(i)(1)(A)	0	307	71,250	5.683%	\$1,609,800	
3171-01	Beloit	52	KS0021903	Wastewater Treatment Plant Improvements	\$2,500,000		0	3,358	50,865	4.067%		
3160-01	Shallow Water (Scott County)	50	NA	Centralized WW System to replace individual onsite systems	\$2,200,000		0	100	70,333	3.150%		
3169-01	Wamego	50	KS0092266	Wastewater Treatment Facility & Lift Station Improvements	\$26,000,000		0	4,844	82,756	3.208%		
3164-01	South Hutchinson	49	KS0095711	Wastewater Facility & Collection Sys. Improvements, Lift Station Rehab	\$2,000,000	Sec. 603(i)(1)(A)	1	2,506	42,221	3.883%	\$1,200,000	
3125-01	Garnett	49	KS0096377	Sanitary Sewer Collection System Improvements to address I&I issues	\$17,806,220	Sec. 603(i)(1)(A)	1	3,197	46,875	3.667%	\$2,000,000	
3167-01	Blue Mound	48	KS0095737	WW System Rehabilitation to address I&I, incl. Lift Station & Lagoon Impr	\$700,000	Sec. 603(i)(1)(A)	0	222	44,583	5.083%	\$420,000	
3090-01	Geary Co. S.D. #4	48	KS0079197	Wastewater Collection System Improvements	\$996,774	Sec. 603(i)(1)(A)	0	392	57,344	4.575%	\$598,064	
3139-01	Hutchinson	47	KS0036188	Comprehensive WW System Rehabilitation Projects	\$17,720,000		1	39,662	58,801	3.883%		
3149-01	Wilroads Gardens Impr. District	45	KS0100528	Wastewater Collection System Improvements	\$250,000		0	363	70,495	2.967%		
3146-01	Chapman	45	NA-NQ Lagoon	Wastewater Lagoon Facility Improvements, Incl. Addition of Wetland Cell	\$1,179,950		0	1,372	72,699	4.000%		\$900,000
3132-01	Larned	42	KS0098752	H2S Gas Treatment System in City's Force Main	\$335,000		0	3,675	51,957	3.217%		
3165-01	Utica	40	NA-NQ Lagoon	Sanitary Sewer Lagoon Improvements	\$408,493		0	98	65,703	2.892%		
3151-01	Plains	40	NA-NQ Lagoon	Lagoon Facility Improvements - Cells 1 & 2	\$1,099,375		0	1,017	75,500	2.958%		
3120-01	Altamont	40	KS0045918	Replacement of South and East Lift Stations & I/I Correction	\$8,119,549		0	1,047	61,071	3.933%		
3136-01	Maize	40	KS0092258	Wastewater Treatment Facility Improvements	\$9,600,000		0	6,802	68,750	4.133%		
3112-01	Herington	35	KS0022811	Wastewater Treatment Facility Improvements	\$4,000,000		0	2,098	68,214	3.567%		
3145-01	Blue Rapids	32	KS0024775	Lift Station Rehabilitation	\$222,080		0	924	51,136	3.325%		
3158-01	Valley Falls	32	KS0022543	Phase 2 Sanitary Sewer Collection System Improvements	\$2,283,331		0	1,075	43,333	3.675%		
3135-01	Abilene	32	KS0098647	Wastewater Treatment Plant Control System Upgrades	\$2,000,000		0	6,443	56,592	4.000%		
3156-01	Hutchinson	32	KS0036188	Sanitary Sewer Collection System Rehabilitation	\$2,000,000		1	39,662	58,801	3.883%		
3159-01	Green	30	NA-NQ Lagoon	Replacement of Main Lift Station at City WWTF	\$100,000		0	95	80,250	3.675%		
3064-01	Edgerton	30	KS0100374	Big Bull Creek WWTP Improvements	\$17,609,000		0	1,718	81,858	3.433%		
3144-01	Mulvane	25	KS0098418	Sanitary Sewer Collection System Improvements	\$1,729,868		0	6,936	70,224	4.121%		
3148-01	Coldwater	22	NA-NQ Lagoon	Sanitary Sewer Collection System Rehabilitation/Replacement	\$660,500		0	673	46,250	3.075%		
3150-01	Great Bend	22	KS0038491	Lift Station Rehabilitation	\$800,000	Sec. 603(i)(1)(A)	1	14,372	53,323	3.683%	\$480,000	
3155-01	St. George	20	KS0099139	Sanitary Sewer Collection System Rehabilitation	\$300,000		0	1,122	90,556	3.208%		
3166-01	Spring Hill	20	NA-New	New Wastewater Treatment Facility	\$125,000,000		0	9,689	108,007	3.554%		
3073-01	Newton	20	KS0100528	Sanitary Sewer Collection System Improvements	\$2,500,000		0	18,251	67,015	4.142%		
3107-01	Dodge City	17	KS0099830	Managed Aquifer Recharge (MAR) Project	\$39,625,000		1	27,514	67,958	2.967%		
3157-01	Marion	15	KS0051691	Wastewater Collection System Improvements (MCID #2)	\$2,146,750		0	775	60,756	3.917%		
3170-01	Spring Hill	10	KS0095516	Northwest Sewer Expansion Project	\$20,000,000		0	9,689	108,007	3.554%		
					\$705,836,729							
											\$36,217,296	\$5,101,000

Loans from 2025 application period that will be written in SFY 2026

Rating

64.26% of funds on above funding line for systems serving population of less than 5,000 for Base PPL.

2026 Emerging Contaminants Project Priority List

Project #	Municipality	Rating	NPDES Permit No.	Project Description	Loan Amount	Estimated Principal Forgiveness Amount	Estimated GPR Amount
3087 01	Salina		KS0038474	PFAS Plume Remediation at Former Schilling AFB	\$844,000	\$844,000	
3116-01	Olathe		KS0045802	Biosolids Treatment System for PFAS at Harold Street WWTF	\$5,760,000	\$5,760,000	
					\$6,604,000	\$6,604,000	\$0

Loans from 2024 application period that will be written in 2025

Kansas Water Pollution Control Revolving Fund
Estimated Sources and Uses
Appendix B

Sources:

Beginning Cash and Investments	\$193,671,507
Interest Earnings (other than loan repayments)	\$5,000,000
Additional Revolved Funds	\$27,000,000
2022 Grants	\$861,000
2023 Grants	\$1,920,000
2024 Grants	\$1,920,000
2025 Grants (estimated)	\$14,320,000
2025 IIJA Gen Sup (estimated)	\$22,236,000
2025 IIJA Emg Con	\$1,920,000
2026 Grants (estimated)	\$29,817,000
Loan Repayments	\$39,756,500
Service Fees (includes state match)	\$7,850,335
Bond Proceeds (includes state match)	\$150,000,000
Total Sources	\$496,272,342

Uses:

Loan Disbursements (includes state match)	\$260,000,000
SRF Administration	\$900,000
Water Quality Program Assistance	\$1,200,000
SRF Debt Service Payments	\$15,211,163
Undrawn Grants	\$29,000,000
Investments	\$189,961,179
Total Uses	\$496,272,342

APPENDIX C

Public Review

- a. Public Hearing Notice
- b. Summary of Public Hearing

Public Hearing Notice

Kansas Register

Volume 44 - Issue 22 - May 29, 2025

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State of Kansas

Department of Health and Environment

Notice of Hearing

A public hearing is scheduled to be conducted at 1:30 p.m. Monday June 30, 2025, in the Cottonwood Conference Room, 4th Floor, Curtis State Office Building, 1000 SW Jackson St., Topeka, Kansas, to discuss the 2026 Intended Use Plans 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, include estimates and uses of anticipated capitalization grants from EPA (including grants from the Infrastructure Investment and Jobs Act), establish criteria for loan forgiveness, and establish the procedures for ranking projects. Copies of the draft Intended Use Plans will be available at <https://www.kdhe.ks.gov/518/Loan-Fund-Administration-Documents>.

Comments can be presented at the hearing or in writing prior to the hearing. Written comments are recommended. 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 or emailed to KDHE.KansasSRF@ks.gov. Anyone needing special accommodations should contact the Kansas Department of Health and Environment at least five business days in advance of the hearing at 785-296-5514, fax 785-559-4258 or TTY 711.

Janet Stanek
Secretary

Department of Health and Environment

Doc. No. 053198

Estado de Kansas

Departamento de Salud y Medio Ambiente de Kansas

Aviso de audiencia

Una audiencia pública está programada para llevarse a cabo a las 1:30 p.m. el Martes 30 de junio del 2025, en la sala de conferencias Cottonwood del Curtis State Office Building en 1000 SW Jackson St., en el 4. piso, en Topeka, Kansas, para discutir los Planes de Uso Previsto del 2025 para el Fondo de préstamo para suministro público de agua de Kansas (Kansas Public Water Supply Loan Fund, KPWSLF) y el Fondo Rotatorio para el Control de la Contaminación del Agua de Kansas (Kansas Water Pollution Control Revolving Fund, KWPCRF). Estos Planes de Uso Previsto harán adiciones a la Lista de Prioridades de Proyectos de cada programa, incluirán estimaciones y usos de las subvenciones de capitalización anticipadas de la Agencia de Protección Ambiental de Estados Unidos (United States Environmental Protection Agency, EPA) (incluidas las subvenciones de la Ley de Inversión en Infraestructuras y Empleos), establecerán criterios para la condonación de préstamos y establecerán los procedimientos para clasificar proyectos. Copias de los proyectos de los IUPs, por sus siglas en inglés, estarán disponibles en línea en <https://www.kdhe.ks.gov/518/Loan-Fund-Administration-Documents>.

Los comentarios pueden presentarse en la audiencia o por escrito antes de la audiencia. Se recomiendan comentarios escritos. Los comentarios escritos deben dirigirse a William Carr, Bureau of Water, Kansas Department of Health and Environment, 1000 SW Jackson St, Suite 420, Topeka, KS 66612 o enviarse por correo electrónico al: KDHE.KansasSRF@ks.gov. Las personas que necesiten adaptaciones especiales deben ponerse en contacto con el Departamento de Salud y Medio Ambiente de Kansas al menos cinco días hábiles antes de la audiencia llamando al 785-296-5514, fax 785-559-4258 o TTY 711.

Janet Stanek
Secretaria

Departamento de Salud y Medio Ambiente de Kansas

Doc. No. 053199

FY2026 IUP
Summary of Public Hearing
June 30, 2025 1:30 pm

FY2026 IUP Public Hearing Attendance List:

William Carr, KDHE
Brenda Diegel, KDHE
Cara Hendricks, KDHE

The hearing was held in the Cottonwood Conference Room at the KDHE office in Topeka, Kansas and covered both the Intended Use Plan for the Kansas Water Pollution Control Revolving Fund and the Kansas Public Water Supply Loan Fund. No members of the Public were present for the public hearing so no presentation was made.

APPENDIX D

Service Fees

K.A.R. 28-16-113 establishes the method of the KWPCRF to collect service fees for administration costs of the KWPCRF. A portion of the gross interest rate charged on the outstanding balance of loans (predominantly 0.25%) is collected as a service fee. 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 is equal to the gross interest rate minus 0.25%. For the remaining years of repayments, the service fee is equal to 0.25%. All service fees collected are held outside the SRF.

Service fees can be divided into four categories – fees included in CWSRF loans, program income earned during the grant period, program income earned after the grant period, and fees other than program income (non-program income). EPA requires estimates for these categories of fees be made in the Intended Use Plan.

The KWPCRF anticipates a very small amount of fees charged during the program year to be classified as fees included in CWSRF loans - these are fees which are included in the loan principal. There is no standard fee that is included in the loan principal; however, loan recipients have the ability to capitalize service fee charges that occur during the construction period of the project. There will likely be a few loan recipients that will choose to capitalize those fee charges during construction which will then be included as principal of the loan. KDHE estimates about \$20,000 of fees in this category for SFY 2026. Fees in this category will be used only for KWPCRF administration.

The fee classification of program income earned during the grant period is for fees earned during the grant period on any CWSRF disbursement of federal funds. These service fees will be spent in support of the KWPCRF program or as state match. KDHE estimates about \$50,000 of fees in this category will be collected.

The fee classification of program income earned after the grant period is for fees earned after the grant period on any CWSRF disbursement of federal funds. These fees will be spent in support of the KWPCRF program, state match, and in support of Water Quality Related expenses including Section 106 NPDES permit program activities. KDHE estimates about \$200,000 of fees in this category will be collected.

The fee classification of non-program income is for fees earned from loan disbursements that were not federal funds. These fees can be spent in support of the KWPCRF program, state match, and in support of Water Quality Related expenses including Section 106 Program NPDES permit program activities (same allowability as program income earned after the grant period). KDHE estimates about \$1,000,000 of fees in this category will be collected.

Service fees that are spent in support of Water Quality Related activities are in support of Section 106 NPDES permit program activities. These include such typical expenses as salaries and benefits, travel, rent, office supplies and equipment, communications, technical and financial association fees and conferences, and technical assistance contracts.

All KWPCRF service fees for any expense are reviewed by the KWPCRF program management staff. Monthly reports of service fee expense expenditures from federal SRF program administration and to KWPCRF service fees are reviewed to assure any expense is properly assigned to be paid by KWPCRF service fees, and/or also properly assigned as a KWPCRF expense spent in support of the KWPCRF program or as a Water Quality Related 106 Program NPDES expense.

Appendix E

Affordability Criteria as Required by the Clean Water Act for the Kansas Water Pollution Control Revolving Fund

The Clean Water Act requires the states consider income, unemployment data, population trends, and other data determined to be relevant in establishing affordability criteria used to award certain additional subsidy under the SRF program.

All loan applicants are evaluated based on the following criteria to determine if additional subsidy can be awarded.

1. The municipality is located in a [Kansas Opportunity Zone](#) (also known as federal opportunity zone).
2. The municipality serves a population of 500 or less. Populations for Cities will be determined by the most current [certified population data](#) maintained by the Kansas Division of Budget as of the beginning of the program year. If the municipality is not listed within this population data, a multiplication factor of 2.5 times the number of connections of the sewer system will be used as the population.
3. The municipality has a median household income (MHI) that is less than 80% of the Kansas MHI as determined by the most current data from the US Census Bureau prior to the beginning of the program year.
4. The municipality is located in a county with an unemployment rate that is greater than 115% of the statewide average (measured using the previous 12 months data from May through April as maintained by the Kansas Department of Labor).

If the municipality meets at least 2 of the 4 listed criteria, the project will be eligible for up to 60% principal forgiveness, (not to exceed \$2,000,000) based on actual KWPCRF disbursed amounts associated with the qualifying project – as long as additional subsidy amounts are available in such quantities. If applications received by October 15, 2025 exceed the available additional subsidy, amounts will be prorated based on the actual amount available.

APPENDIX F

Project Priority System

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

State Fiscal Year 2026
Kansas Water Pollution Control Loan
Fund Project Priority System

July 1, 2025

I. INTRODUCTION

The project priority system included herein has been established to determine which projects should receive loans as funded through the Kansas Water Pollution Control Fund Program (KWPCRF). Because the Infrastructure Investment and Jobs Act provides federal funds reserved for specific project types, separate ranking criteria are needed to be able to rank projects of the same type adequately. This priority system will have different criteria established for base program projects and emerging contaminant projects. In preparing a priority list, the short-term and long-term goals of the KWPCRF in the FY 2025 Intended Use Plan (IUP) are taken into account. This includes ensuring that a portion of the annual loan fund monies provided by the CWSRF are made available to communities of less than 5,000 people.

II. PRIORITY RATING CRITERIA FOR BASE PROGRAM PROJECTS

The priority rating criteria for base program projects are used to numerically rank projects for potential funding assistance from the KWPCRF.

Priority will be given to projects that address the most serious risks to human health, that are necessary to assure compliance with requirements of the Clean Water Act requirements of associated National Pollutant Discharge Elimination System (NPDES) permits, and to assist wastewater systems most in need based on the affordability criteria established for the CWSRF program (Appendix E). The priority ranking process is weighted regarding the severity of compliance issues to be addressed by the project types, however, projects can be comprised of multiple project types that have different levels of compliance issue severity. Project ranking will only reflect the ranking points for the project type that ranks the highest. For example, a project that enhances a treatment process to meet required permit effluent limits will have high ranking points, but a project that replaces aging sewer lines will have lower ranking points. A project that includes both a treatment enhancement to meet permits limits and an aging sewer line replacement project will only be ranked according to the treatment enhancement scope of the project.

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

- 1) Wastewater system compliance, including compliance with existing NPDES permit effluent limits, future effluent limits, treatment techniques, aesthetic factors, and unregulated contaminants.
- 2) Impacts to water quality and public health issues with points provided for projects addressing downstream nutrient-related 303(d) listed waters or TMDLs
- 3) Consolidation of systems;
- 4) Special projects, including those that convert discharging systems to non-discharging systems and those projects that incorporate GPR components;
- 5) Affordability; and
- 6) KDHE adjustment.

III. PRIORITY RATING CRITERIA FOR EMERGING CONTAMINANT PROJECTS

The priority rating criteria for emerging contaminant projects are used to numerically rank projects for potential funding assistance from the Kansas Water Pollution Control Loan Fund. Because the projects in this category will have similar health related benefits, ranking criteria will evaluate system specific conditions to differentiate between projects adequately.

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

- 1) Projects that reduce PFAS contaminants;
- 2) If the System serves an entity that meets the affordability criteria;
- 3) If the project will use treatment to address the contaminant.

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 the 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 Intended Use Plan 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 funds 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 or bypass provision.
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 ensure available funds are obligated on a timely basis.
7. The CWSRF program will ensure 20% of available loan funds are made available to systems that serve less than 5,000 people. If available, projects serving less than 5,000 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 systems serving less than 5,000 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, to meet the 20% requirement.

8. Projects with identical ranking scores will be listed and prioritized according to the system population with lower population ranked above higher populations.

V. PROJECT RATING PROCEDURE FOR BASE PROGRAM PROJECTS

Projects identified as Base Program Projects, 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 for each applicable category.

1. Compliance:

Project addresses a significant compliance issue	40 points
Project is designed to meet new permit effluent limits	30 points
Project will resolve a possible violation and will mitigate the issuance of possible formal enforcement action	20 points
Project is designed to maintain permit compliance	10 points
2. Water quality:

Project corrects individual sewage disposal systems or I/I that mitigates a public health/water quality issue	Up to 30 points
Project addresses a 303(d) water quality impairment or discharges to a waterbody with an applicable TMDL	10 points
Project applies BMPs to mitigate erosion, sedimentation, pollution runoff (e.g. stream stabilization, wetland protection)	10 points
3. Regionalization:

System consolidation of two or more wastewater systems	20 points
New regional facility study	20 points
4. Special projects/GPR:

Project converts a discharging treatment system to a non-discharging lagoon treatment system	30 points
Project converts a mechanical treatment system (1 MGD or less) to a lagoon treatment system	25 points
Project incorporates GPR components	10 points
5. Affordability:

MHI less than 80% of the Kansas MHI	12 points
Municipality serves population of 500 or less	10 points
County unemployment rate > 155% of statewide average	6 points
Municipality is located in a federal opportunity zone	2 points
6. KDHE point adjustment* (case by case special circumstances) Up to 35 points
 *e.g. Severity of compliance issue(s) being addressed, readiness, etc.

BACKGROUND

The following background is provided to explain the factors KDHE will consider when awarding points under the project rating criteria.

1. **Compliance Issues**

This category considers a project's ability to correct compliance issues related to the system's NPDES permit. These issues may be documented through intermittent sampling during permit sampling periods, inspection reports, or other means. Significant compliance issues are those issues that have resulted in non-compliance with state and/or federal permitting requirements of KDHE or the EPA, resulting in the issuance of a formal enforcement action (e.g. directives, consent orders, schedules of compliance). Projects that are designed to meet new permit effluent limits will also be allocated points. This category also considers projects that will address issues that have caused the associated system to be unable to consistently meet permit requirements and are necessary to prevent possible formal enforcement action. Finally, projects that are necessary to maintain permit compliance (e.g. provide additional capacity, address aging/failing infrastructure) will be considered in this category.

2. **Water Quality Issues**

This category considers the proposed project's impact on water quality and/or public health issues. Projects that correct local public health issues, like correction of failing individual septic systems or mitigation of excessive infiltration and inflow (I/I) that cause system backups and discharges are included here. Points are assigned to projects that address water quality impairments, including applicable TMDLs that would be impacted through project implementation (e.g. nutrients). This category also includes points for projects that implement best management practices (BMPs) to mitigate against erosion, sedimentation and pollution runoff. This can include creation of riparian buffers, slope stabilization and other stream restoration methods, as well as wetland protection, including construction wetlands or wetland restoration.

3. **Regionalization**

The CWSRF program encourages regional cooperative projects. Points will be added for projects that will consolidate two or more existing systems, projects that will construct a new regional facility providing service to more than one system, or projects that will fund a regional wastewater study.

4. **Special Projects/GPR**

Projects can receive additional ranking points if they meet any of these special project categories and/or if they incorporate Green Project Reserve (GPR) components. GPR components include green infrastructure, water efficiency, environmentally innovative, and energy efficiency.

5. **Affordability**

Projects will receive additional ranking points if they meet the Affordability Criteria as established in IUP. Points will be given for each separate criterion as shown.

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 assignment of extra points to capture the level of severity of the compliance issue that the project will address, as well as urgency of the project based on schedules of compliance and/or readiness to proceed.

VI. PROJECT RATING PROCEDURE FOR EMERGING CONTAMINANTS PROJECTS

Projects identified as Emerging Contaminants Projects 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 for each applicable category.

1. PFAS Contaminants:

PFAS contaminant issue	20 points
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2. Affordability:

Project meets Affordability Criteria in IUP	20 points
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BACKGROUND

The following background is provided to explain the factors KDHE will consider when awarding points under the project rating criteria for Emerging Contaminants.

1. **PFAS Contaminants**

Because the law that created this special funding category also indicated a priority for addressing PFAS contaminants, all projects that address a PFAS contaminant with documented levels will receive extra ranking points.

2. **Affordability**

Projects will receive additional ranking points if they meet the Affordability Criteria in IUP.

APPENDIX G

Kansas Development Finance Authority
MFI Bonds - CW
Cashflow Analysis

\$4,544,377.99

Projected Revenue Coverage

(Semiannual Rollover)

Period	MFI CW Loan Interest	MFI CW Earnings	MFI CW State Match	Transfer to MFI DW Program	Transfer from Interest Acct to Principal Acct	Revenue Fund Principal	MFI CW Loan Principal	MFI CW Lev. Bonds	MFI CW Periodic	MFI CW Annual	MFI CW Annual	MFI CW Annual
Ending	Repayments		Debt Service		Principal Acct	Beg Balance	Repayments	Debt Service	Surplus	Surplus	SM Coverage	Lev Coverage
7/31/2024	2,510,712					579,566			2,510,712			
11/1/2024	2,361,304		47,150		2,088,919	579,566	25,712,154	217,625	28,388,248			
5/1/2025	2,543,349		2,768,584			30,673,726	18,038,259	13,493,881	4,319,143	32,707,392	1.74 : 1	3.34 : 1
11/1/2025	2,652,704		109,706		2,139,252		18,947,781	4,144,500	17,346,278			
5/1/2026	2,650,961		3,054,706			16,942,533	20,808,719	14,161,125	6,243,848	23,590,127	1.68 : 1	2.29 : 1
11/1/2026	2,665,339		70,375		2,594,964		20,309,792	6,852,875	16,051,881			
5/1/2027	2,858,885		725,375		2,133,510	16,051,881	23,395,313	14,307,875	11,220,948	27,272,829	6.94 : 1	2.29 : 1
11/1/2027	2,814,703		54,000		2,760,703		23,174,320	6,666,500	19,268,523			
5/1/2028	2,772,933		739,000		2,033,933	19,268,523	24,422,911	16,226,500	10,230,344	29,498,867	7.05 : 1	2.29 : 1
11/1/2028	2,653,234		36,875		2,616,359		24,305,548	6,427,500	20,494,407			
5/1/2029	4,261,075		756,875		3,504,200	20,494,407	28,056,705	19,127,500	12,433,406	32,927,813	8.71 : 1	2.29 : 1
11/1/2029	5,028,015		18,875		5,009,140		24,520,135	6,110,000	23,419,275			
5/1/2030	5,287,827		773,875		4,513,952	23,419,275	24,437,546	19,445,000	9,506,498	32,925,773	13.01 : 1	2.29 : 1
11/1/2030	5,760,202				5,760,202		24,463,119	5,776,625	24,446,696			
5/1/2031	6,232,819				6,232,819	24,446,696	24,809,041	20,991,625	10,050,234	34,496,930		2.29 : 1
11/1/2031	6,266,752				6,266,752		24,519,297	5,396,250	25,389,799			
5/1/2032	6,304,738				6,304,738	25,389,799	23,119,114	20,911,250	8,512,602	33,902,401		2.29 : 1
11/1/2032	6,072,427				6,072,427		23,099,259	5,008,375	24,163,311			
5/1/2033	5,840,600				5,840,600	24,163,311	23,375,981	20,503,375	8,713,206	32,876,517		2.29 : 1
11/1/2033	5,605,879				5,605,879		23,469,887	4,621,000	24,454,766			
5/1/2034	5,370,368				5,370,368	24,454,766	23,764,573	20,816,000	8,318,941	32,773,707		2.29 : 1
11/1/2034	5,131,708				5,131,708		23,349,174	4,216,125	24,264,756			
5/1/2035	4,897,583				4,897,583	24,264,756	23,269,723	20,536,125	7,631,180	31,895,937		2.29 : 1
11/1/2035	4,664,202				4,664,202		22,442,234	3,808,125	23,298,311			
5/1/2036	4,441,719				4,441,719	23,298,311	22,774,089	19,928,125	7,287,683	30,585,994		2.29 : 1
11/1/2036	4,215,712				4,215,712		22,900,523	3,405,125	23,711,109			
5/1/2037	3,988,580				3,988,580	23,711,109	22,896,280	20,190,125	6,694,735	30,405,844		2.29 : 1
11/1/2037	3,761,160				3,761,160		22,987,675	2,985,500	23,763,335			
5/1/2038	3,532,934				3,532,934	23,763,335	21,533,112	19,655,500	5,410,545	29,173,880		2.29 : 1
11/1/2038	3,318,018				3,318,018		20,444,054	2,568,750	21,193,322			
5/1/2039	3,113,554				3,113,554	21,193,322	19,667,280	17,768,750	5,012,084	26,205,405		2.29 : 1
11/1/2039	2,914,931				2,914,931		19,640,092	2,188,750	20,366,273			
5/1/2040	2,716,646				2,716,646	20,366,273	19,727,575	17,473,750	4,970,471	25,336,745		2.29 : 1
11/1/2040	2,517,243				2,517,243		19,814,273	1,806,625	20,524,892			
5/1/2041	2,317,070				2,317,070	20,524,892	20,099,965	17,746,625	4,670,410	25,195,301		2.29 : 1
11/1/2041	2,113,737				2,113,737		19,949,203	1,408,125	20,654,815			
5/1/2042	1,912,125				1,912,125	20,654,815	19,987,151	17,798,125	4,101,151	24,755,966		2.29 : 1
11/1/2042	1,708,842				1,708,842		20,047,289	998,375	20,757,756			
5/1/2043	1,504,902				1,504,902	20,757,756	18,824,566	17,388,375	2,941,093	23,698,849		2.29 : 1
11/1/2043	1,305,590				1,305,590		18,641,171	588,625	19,358,136			
5/1/2044	1,106,828				1,106,828	19,358,136	18,816,448	16,833,625	3,089,651	22,447,787		2.29 : 1
11/1/2044	905,929				905,929		18,855,949	182,500	19,579,378			
5/1/2045	704,600				704,600	19,579,378	11,277,148	7,482,500	4,499,248	24,078,625		4.14 : 1
11/1/2045	573,913				573,913		10,971,636		11,545,549			
5/1/2046	446,175				446,175	11,545,549	8,024,842		8,471,017	20,016,566		
11/1/2046	353,076				353,076		8,037,365		8,390,440			
	152,681,599		9,155,397		141,015,491		941,728,268	448,163,631	637,670,406	626,769,254		