



Revised Budget Request – FY2025
Budget Request – FY2026



September 16th, 2024

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Photo contest winner

2023 Governor's Conference on the Future of Water in Kansas



Revised Budget Request – FY2025 & FY2026 Budget Request

Mr. Adam Proffitt, Director
Division of the Budget
Landon State Office Building, Suite 504
900 SW Jackson Street
Topeka, Kansas 66612

Dear Mr. Proffitt:

As Director of the Kansas Water Office, I hereby submit for your consideration, the Kansas Water Office's proposed budget for State Fiscal Year 2026. The agency (70900) includes two (2) programs: Water Planning and Implementation (01030) and the Public Water Supply Program (62200). This budget has been prepared in accordance with the July 2024 budget instructions. To the best of my knowledge, the information and explanations included in this budget request are correct and complete.

The primary statutory function of the Kansas Water Office is the development and implementation of the Kansas Water Plan, with state law requiring our agency to "formulate on a continuing basis a comprehensive State Water Plan for the management, conservation and development of the water resources of the state". In 2022, the Kansas Water Office, in conjunction with feedback from the Kansas Water Authority (KWA), each of the 14 Regional Advisory Committees (RAC), partner agencies/organizations as well as the public, updated the Kansas Water Plan. Included within this update is information on water resource issues and priorities at the state and regional levels along with policy/program recommendations, implementation actions, data/research/study needs along with funding and resource needs necessary to further understand and collaboratively make progress to address these issues. This update to the Kansas Water Plan was approved by the KWA on August 17, 2022.

In recognition of the importance of water issues in Kansas and the lack of previous funding available to address these issues, the 2023 Legislature also passed Senate Substitute for HB 2302. HB 2302 appropriated an additional \$18.0 million to the State Water Plan Fund (SWPF) in FY2024 and expressed the intent that this additional funding continues for 5 years. HB 2302 appropriated the entirety of the additional \$18.0 million to the HB 2302 Projects line item in the KWO's budget. It was the intent of the Legislature that this funding be shared among agencies to implement priority projects within the Kansas Water Plan. Last year, the KWO, in collaboration with the other SWPF agencies and as approved by the Legislative Finance Council, transferred funds from its HB 2302 Projects line item to other SWPF agencies according to the recommendations of the KWA. The KWO anticipates following the same process for such transfers this year. The details of these proposals are in the narratives of the Water Planning and Implementation section.

The SWPF recommendation within this budget is the result of considerable planning and coordination through the Kansas Water Authority. On January 24, 2024, Governor Laura Kelly charged the Kansas Water Authority to develop a strategic implementation plan, including funding, based on the five Guiding Principles of the Kansas Water Plan. Governor Kelly's request included initial recommendations for a large-scale, long-term investment framework before the 2025 Legislative Session. In an effort to create a flexible State Water Plan Fund budget reflective of the five Guiding Principles, state agencies consolidated the traditional State Water Plan Fund budget lines into five new budget lines: (1) Water Quantity/Aquifer, (2) Reservoirs, (3) Water Quality, (4) Resiliency, (5) Research and Education. To aid the transition to this new framework, this narrative will still detail existing State Water Plan Fund projects and programs, grouped under their new budget lines.

Thank you for your consideration of this budget. The staff at the Kansas Water Office is prepared to provide any additional information which you or your staff may require.

Respectfully,

Connie Owen, Director

Introduction and Overview

FY2025 Revised Budget and FY2026 Budget Request Index

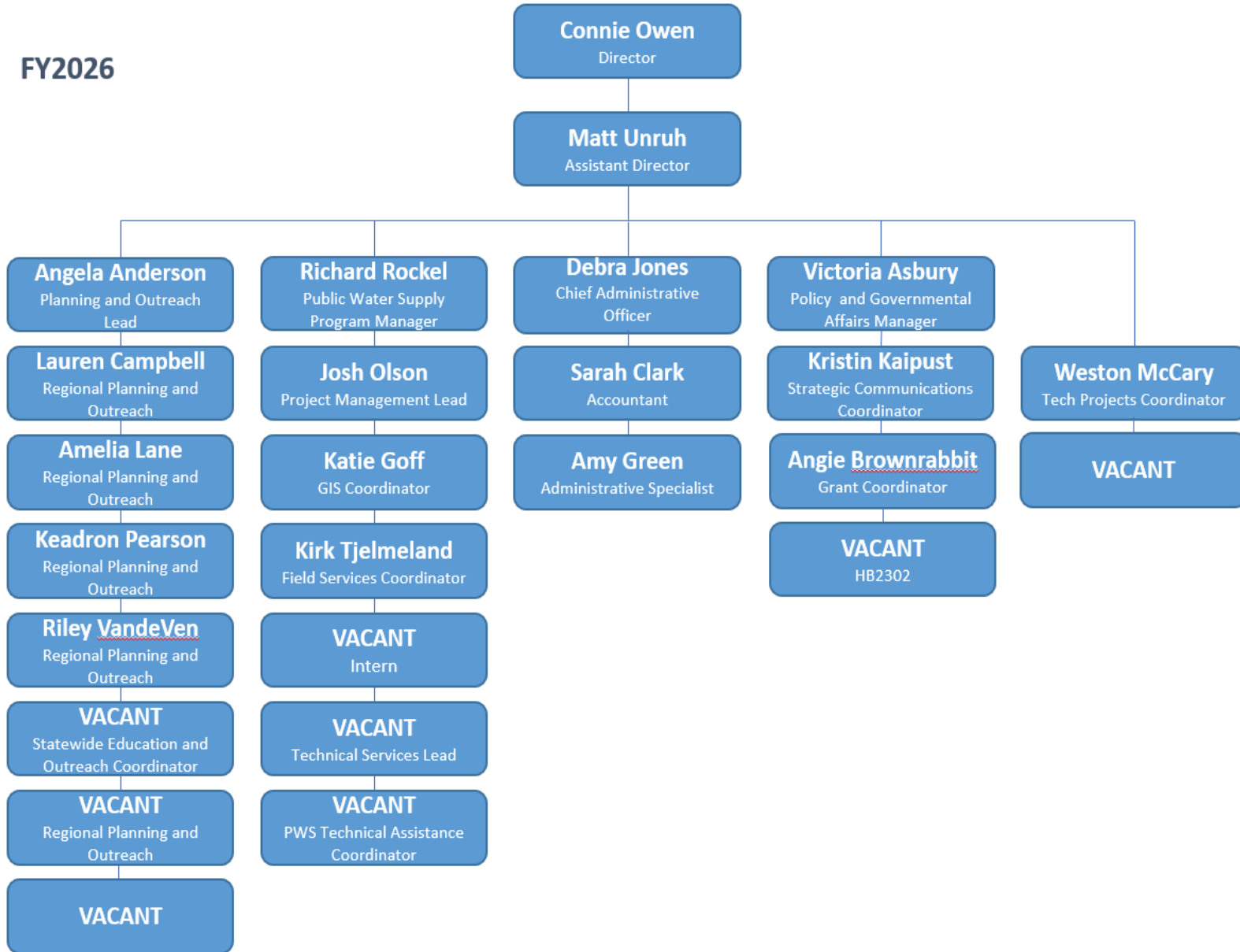
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Introduction and Overview

Kansas Water Office - Organizational Chart

FY2026



25 FTE
1 Non FTE

Introduction and Overview

Kansas Water Office Budget Overview (All Programs)

The Kansas Water Office is charged with administration of all or portions of the following statutory acts:

- Kansas Water Planning Act,
- State Water Plan Storage Act,
- Water Assurance Program Act,
- Kansas Weather Modification Act,
- Lower Smoky Hill Access District Act,
- Multipurpose Small Lakes Act (portions),
- Water Appropriations Act (portions) and
- Water Transfer Act (portions).

The Kansas Water Office Budget entails two primary programs: 1) Water Planning and Implementation (01030) and 2) the Public Water Supply Program (62200). Each of these programs function to accomplish the agency's mission – Provide comprehensive planning which coordinates and guides the management, conservation and development of the state's water resources; providing for Kansans' current and future water needs, both in quantity and quality, regarding surface water and groundwater; and employing sound science, technology and policy, while protecting the public interest in our state's most vital resource.

WATER PLANNING AND IMPLEMENTATION (01030) - The Kansas Water Office (KWO) is the water planning, policy, and coordination agency for the State of Kansas. It prepares a state plan of water resources development, management, and conservation, reviews all water laws, and makes recommendations to the Governor and Legislature for new or amendatory legislation. The agency is also responsible for monitoring conditions related to drought, development of water conservation plan guidelines, and the collection and compilation of data related to water resources.

The Water Planning and Implementation Program covers the major agency responsibility of the development of the Kansas Water Plan. This includes salary and expenses for half of the agency staff. The administration of the Kansas Water Planning Act, Kansas Weather Modification Act, and portions of the Water Appropriations Act and Water Transfer Act are covered under this program.

The Kansas Water Authority (KWA) is statutorily within and a part of the KWO and reflected in the Water Planning and Implementation Program. It is responsible for advising the Governor, the Legislature, and the Director of the KWO on water policy issues, for approving the *Kansas Water Plan* and revisions thereto, accounting for and making recommendations on the expenditure of State Water Plan Funds, for approving water storage sales, water marketing rate setting, federal contracts, administrative regulations, and legislation proposed by the KWO. The KWA is comprised of 24 members, consisting of 13 voting members appointed by the Governor (11), President of the Kansas Senate (1) and Speaker of the Kansas House of Representatives (1). The Governor's appointees serve four-year terms and represent various water user groups, water use conservation and environmental issues as well as the general public. The Chairperson serves at the pleasure of the Governor. The remaining 11 members are Ex-Officio and hold various state agency and university positions. The KWA conducts meetings throughout Kansas 4-5 times a year to allow more stakeholders to participate in meetings as well as providing an opportunity for KWA members to observe the many unique water resource issues that exist at varying locations in Kansas.

PUBLIC WATER SUPPLY PROGRAM (62200) – The Public Water Supply Program administers certain supply programs to ensure an adequate supply of water for Kansans receiving water from state owned storage in federal and state reservoirs. These programs include the Water Marketing, Water Assurance, Lower Smoky Hill Access District, and public water supply components of the Multipurpose Small Lakes (MPSL) programs. The Kansas Water Office negotiates with the federal government for water supply storage in federal lakes and coordinates reservoir operations to meet multiple uses with that storage benefiting primarily municipal and industrial customers. The KWO evaluates proposals for Multipurpose Small Lakes to determine whether the state should build additional storage in lakes to provide water supply for the region.

The Public Water Supply Program includes revenue from customers of the program. The majority of the revenue is passed through to the U.S. Army Corps of Engineers for the purchase, operation and maintenance of storage space in federal reservoirs for the benefit of program customers. A portion of the funding is used for administration and enforcement of the programs, including staff resources and associated expenses of the KWO.

Introduction and Overview

Kansas Water Office - All Programs Overview (70900)

Current Year FY2025: The total KWO Budget request is \$74,438,927 from all sources, which is comprised of \$64,743,419 for Water Planning and Implementation and \$9,695,508 for the Public Water Supply Program.

Budget Year FY2026: The total KWO Budget request is \$42,083,913 from all sources, which is comprised of \$32,143,660 for Water Planning and Implementation and \$9,940,252 for the Public Water Supply Program.

SGF Enhancement FY2026: \$211,169 in Salaries. KWO is requesting two additional full-time positions to increase overall agency capacity to serve the needs of Kansans. Primary duties and responsibilities of these positions would include:

- **Water Resource Planner** - Coordinates with KWO staff on planning, project, grant and/or program related engagement with the Kansas Water Authority, state agencies, federal agencies, Regional Advisory Committees and others as appropriate. Work also includes review of various technical documents and project plans, and representing KWO at various meetings and events.
- **Water Conservation Support** - Provides support for ongoing KWO efforts to assist water users in adopting and enhancing water conservation practices. Responsibilities include Coordination with KWO staff on planning, project, grant and/or program related engagement with the Kansas Water Authority, state agencies, federal agencies, Regional Advisory Committees and others as appropriate. Work also includes assisting water users in adopting practices to address the depletion of the Ogallala Aquifer, as well as other at-risk water sources in Kansas, involving agricultural, municipal, recreational and industrial water users.

SGF Enhancement FY2026: \$9,300 in Capital Outlay. KWO is requesting additional funding for computers, monitors, equipment, etc. for the requested two new full-time employees.

Water Planning and Implementation Overview (70900-01030)

Current Year FY2025: \$64,743,419 - \$1,363,215 is budgeted for salaries and wages; \$13,039,306 for contractual services; \$138,100 for commodities; \$21,700 for capital outlay, and \$50,181,098 for other assistance and state special grants.

Budget Year FY2026: \$32,143,660 - \$1,582,756 is budgeted for salaries and wages; \$9,977,915 for contractual services; \$137,100 for commodities; \$31,000 for capital outlay, and \$20,414,890 for other assistance and state special grants.

Introduction and Overview

SGF Enhancement FY2026: \$211,169 in Salaries. KWO is requesting two additional full-time positions to increase overall agency capacity to serve the needs of Kansans. Primary duties and responsibilities of these positions would include:

- **Water Resource Planner** - Coordinates with KWO staff on planning, project, grant and/or program related engagement with the Kansas Water Authority, state agencies, federal agencies, Regional Advisory Committees and others as appropriate. Work also includes review of various technical documents and project plans, and representing KWO at various meetings and events.
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SGF Enhancement FY2026: \$9,300 in Capital Outlay. KWO is requesting additional funding for computers, monitors, equipment, etc. for the requested two new full-time employees.

Public Water Supply Overview (70900-62200)

Current Year FY2025: \$9,695,508 - \$1,135,584 is budgeted for salaries and wages; \$8,549,824 for contractual services; \$4,300 for commodities; \$5,800 for capital outlay.

Budget Year FY2026: \$9,940,252 - \$1,144,647 is budgeted for salaries and wages; \$8,781,805 for contractual services; \$7,000 for commodities; \$6,800 for capital outlay.

Strategic Plan/Agency Narrative

I. MISSION

Provide comprehensive planning which coordinates and guides the management, conservation and development of the state's water resources; providing for Kansans' current and future water needs, both in quantity and quality, regarding surface water and groundwater; and employing sound science, technology and policy, while protecting the public interest in our state's most vital resource.

II. PHILOSOPHY

Kansans act on a shared commitment to have the water resources necessary to support the state's social, economic, and natural resource needs for current and future generations.

III. AGENCY ROLE

The Kansas Water Office/Water Authority is a policy development and planning agency that provides research and analytical staff support to the Governor and the Legislature on water resource issues. The agency will continue to manage and market water resources placed under its control.

IV. KEY LONG-TERM AGENCY GOALS

The state-wide Long-Term Vision for the Future of Water Supply in Kansas (Vision) was adopted by the Kansas Water Authority in January 2015, and regional advisory committees were established to develop regional goals and action plans. More than 60 water resource-related goals were established in 14 regions. Action plans for all of the goals were adopted by the Kansas Water Authority in October 2016.

In 2022, the Kansas Water Office, along with multiple state and local agencies, partners and stakeholders completed an update of the state's Water Plan. The updated Kansas Water Plan includes a continued emphasis on moving priority projects forward that focus on implementing items previously identified in the Vision, as well as regional goal action plans aimed at addressing priority regional water resource issues.

The updated Kansas Water Plan was developed with a foundation of the following five Guiding Principles:

1. Conserve and Extend the High Plains Aquifer. (Water Quantity/Aquifer)
2. Secure, Protect and Restore our Kansas Reservoirs. (Reservoir)
3. Improve the State's Water Quality. (Water Quality)
4. Reduce our Vulnerability to Extreme Events. (Resiliency)
5. Increase Awareness of Kansas Water Resources. (Research & Education)

These Guiding Principles serve as a framework for Kansas Water Plan implementation, identifying statewide activities, projects and priorities address water quantity and quality issues impacting the water supply of Kansas.

On January 24, 2024, Governor Laura Kelly charged the Kansas Water Authority to develop a strategic implementation plan, including funding, based on the five Guiding Principles of the Kansas Water Plan. Governor Kelly's request included initial recommendations for a large-scale, long-term investment framework before the 2025 Legislative Session. In an effort to create a flexible State Water Plan Fund budget reflective of the five Guiding Principles, state agencies consolidated the traditional State Water Plan Fund budget lines into five new budget lines: (1) Water Quantity/Aquifer, (2) Reservoir, (3) Water Quality, (4) Resiliency, (5) Research and Education.

Strategic Plan/Agency Narrative

The agency also operates reservoir storage within federal and multipurpose small reservoirs to meet the water supply needs of Kansas citizens. Many of the actions identified within the Vision and Kansas Water Plan are met and carried out through both the Water Planning and Implementation efforts and the administration of the agency's Public Water Supply programs.

V. EXTERNAL/INTERNAL ASSESSMENT

The Kansas Water Office Strategic Plan is based on a commitment to satisfy the agency's customers. The agency's success will be judged by its customers, based on the agency's ability to meet their needs.

The Kansas Water Office has identified the following groups as customers and stakeholders:

- Water Issue Stakeholders and Kansas citizens
- Governor and the Kansas Legislature
- Kansas Water Authority as well as natural resource and associated agencies
- Federal government and local units of government

VI. AGENCY OPERATIONS

WATER PLANNING AND IMPLEMENTATION PROGRAM

- **Water Planning and Implementation** - The Kansas Water Office is responsible for developing a state plan for the management, conservation and development of water resources for the State of Kansas (K.S.A. 74-2608).

Responsibilities of the Kansas Water Office include:

- Collect and compile information pertaining to climate, water and soil as related to the usage of water for agricultural, industrial and municipal purposes and the availability of water supplies in the several watersheds of the state;
- Develop a state plan of water resources management, conservation and development for water planning areas;
- Develop and maintain guidelines for water conservation plans and practices; and
- Establish guidelines as to when conditions indicative of drought exist.

The policies to meet this statutory charge are embodied in the *Kansas Water Plan*. The Kansas Water Office coordinates with the Kansas Water Authority on the review and approval of the *Kansas Water Plan* and submits policy recommendations to the Governor and the Legislature for consideration. Agency staff provide leadership on issues that require interagency coordination to develop strategic approaches. The interagency groups coordinate implementation activities for priority issues that involve multiple agencies and/or basins.

Objectives

- Develop and propose water policies that are long-term in scope;
- Identify and address priority water resource issues in Kansas; and
- Support the Kansas Water Authority in its role of making policy recommendations to the Governor and Legislature;

Strategies

- Seek technical input from federal, state and local government agencies on policy initiatives;
- Coordinate with federal, state, and local government agencies as well as other interest groups on development of project plans to implement Kansas Water Plan priorities and Regional Goal Action Plans; and
- Update appropriate sections of the *Kansas Water Plan* with new or revised issues upon approval by the Kansas Water Authority at least once every five years.

Strategic Plan/Agency Narrative

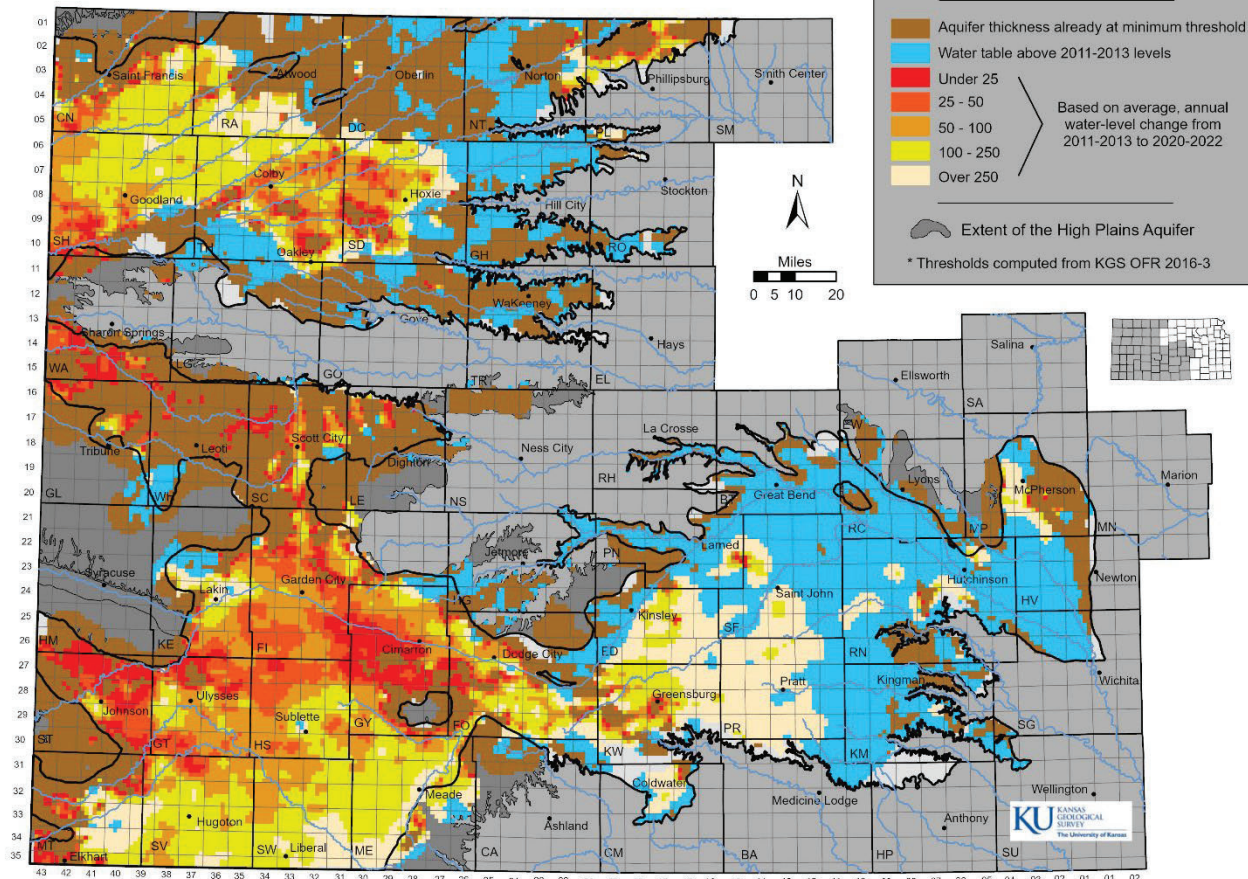
Performance Measures	Budget FY2025	Budget FY2026
Percent of Kansas Water Plan Action Items underway or completed*	40%	45%

*The Kansas Water Plan was updated in August 2022, replacing the 50-Year Vision. This is a new measure implemented for FY 2024.

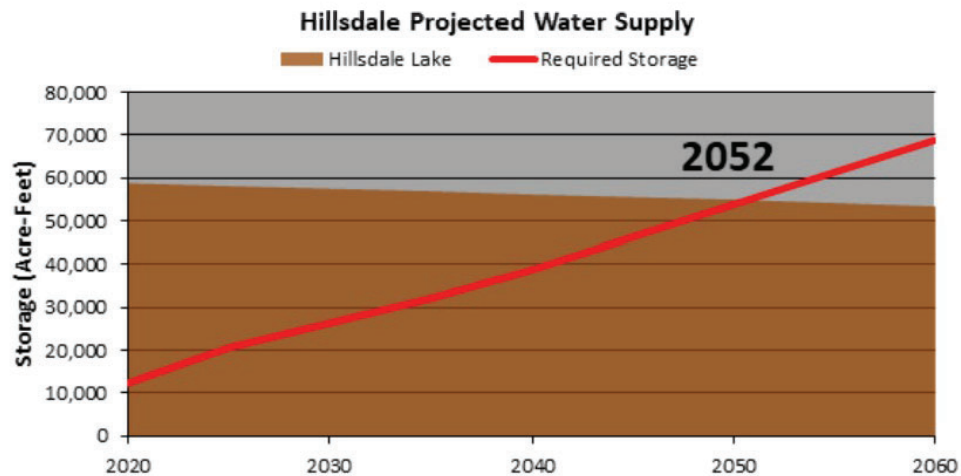
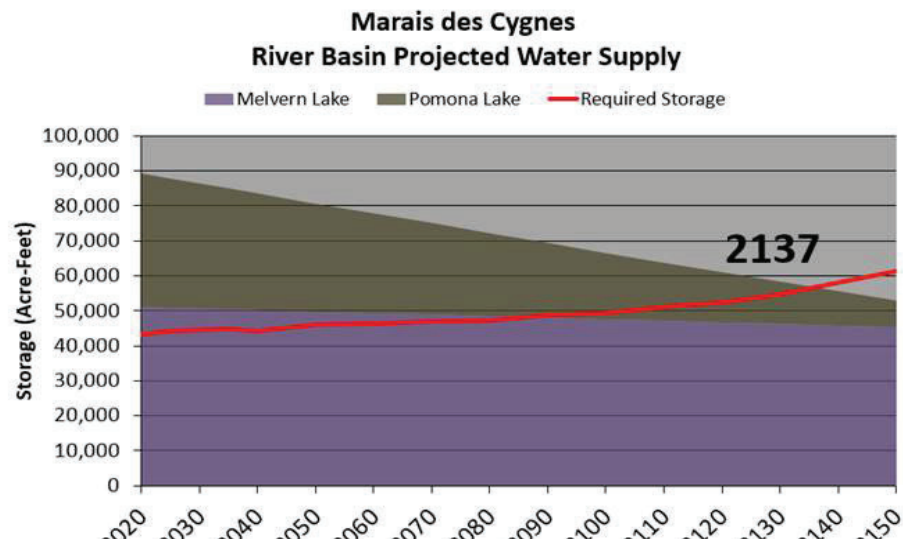
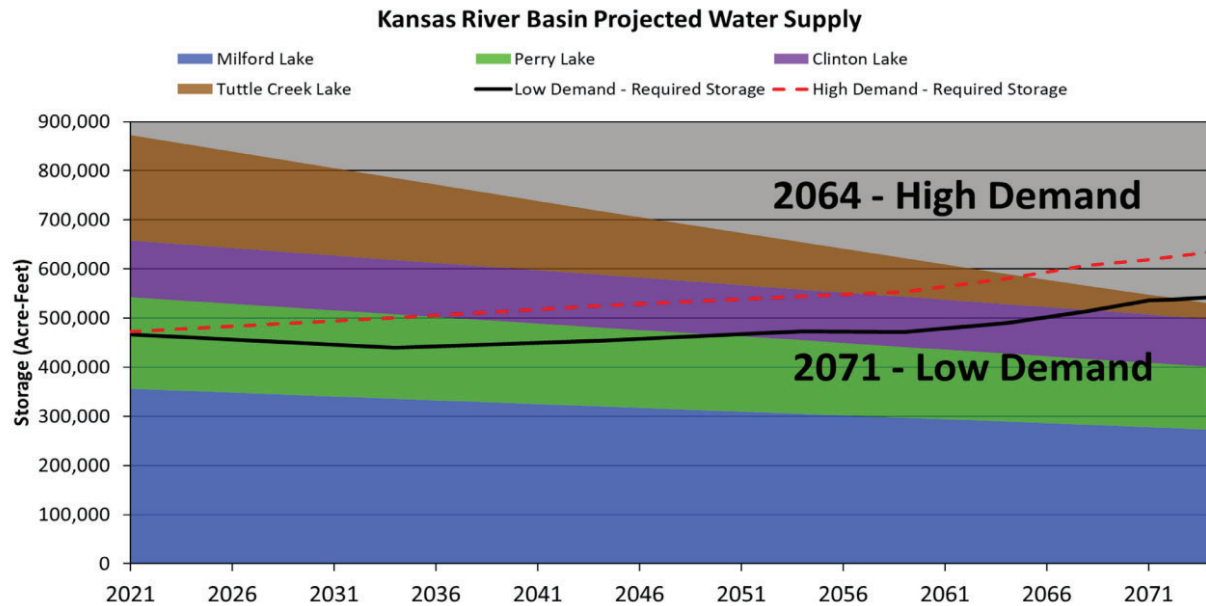
Consequences of Not Funding – Without KWO water planning and implementation efforts, Kansas will not be able to meet current and future water supply demands now for the Ogallala portion of the High Plains Aquifer (Ogallala Aquifer) region as well as from areas served by reservoir water supply storage. At the current rate, with no changes during Kansas Water Plan implementation, the Ogallala Aquifer will be 70 percent depleted and our reservoirs will be 40 percent filled with sediment within the next 45 years.

The following figures represent the estimated usable lifespan of the High Plains Aquifer in Kansas along with reservoir water supply/demand projections for federal reservoirs within the Kansas, Marais des Cygnes, Neosho, and Verdigris Regional Planning Areas. The location of the required reservoir water supply storage line indicates the total required storage to meet water supply demands served from state owned storage within these reservoirs. Given the current projected sedimentation rates and demands, results indicate the basin supplies will be insufficient to fully meet projected demands through a 1950's type drought by the year shown within each figure.

Estimated Usable Lifetime for the Kansas High Plains Aquifer (based on groundwater trends from 2011-2013 to 2020-2022 and the minimum aquifer thickness required to support 200 gpm well yields under 90 day of pumping scenario with 200 gpm wells on 1/4 sections)

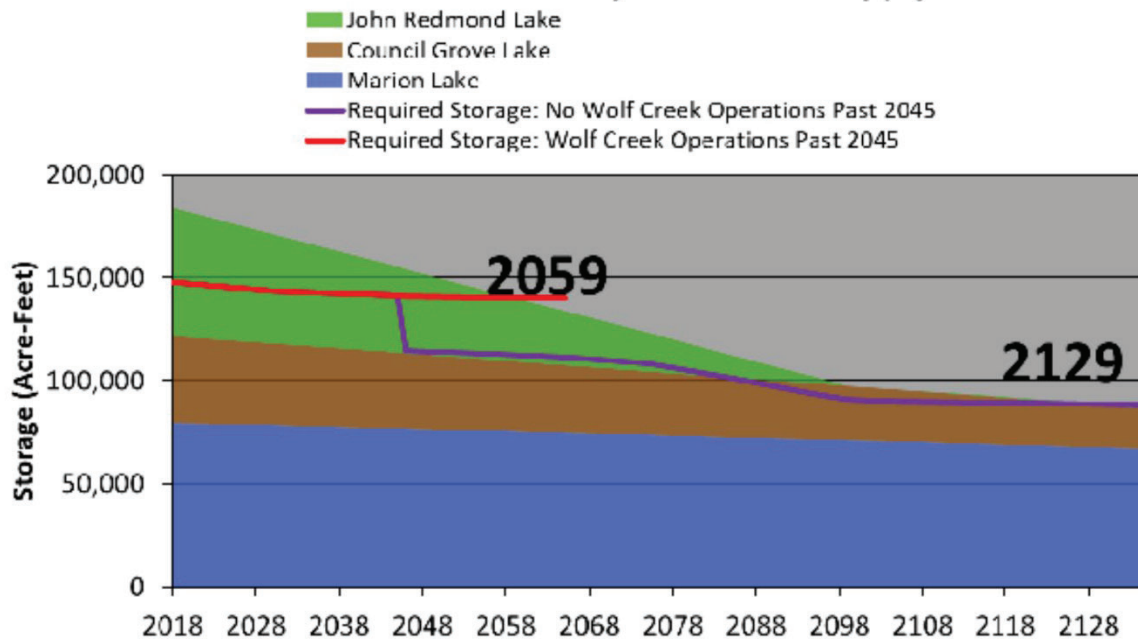


Strategic Plan/Agency Narrative

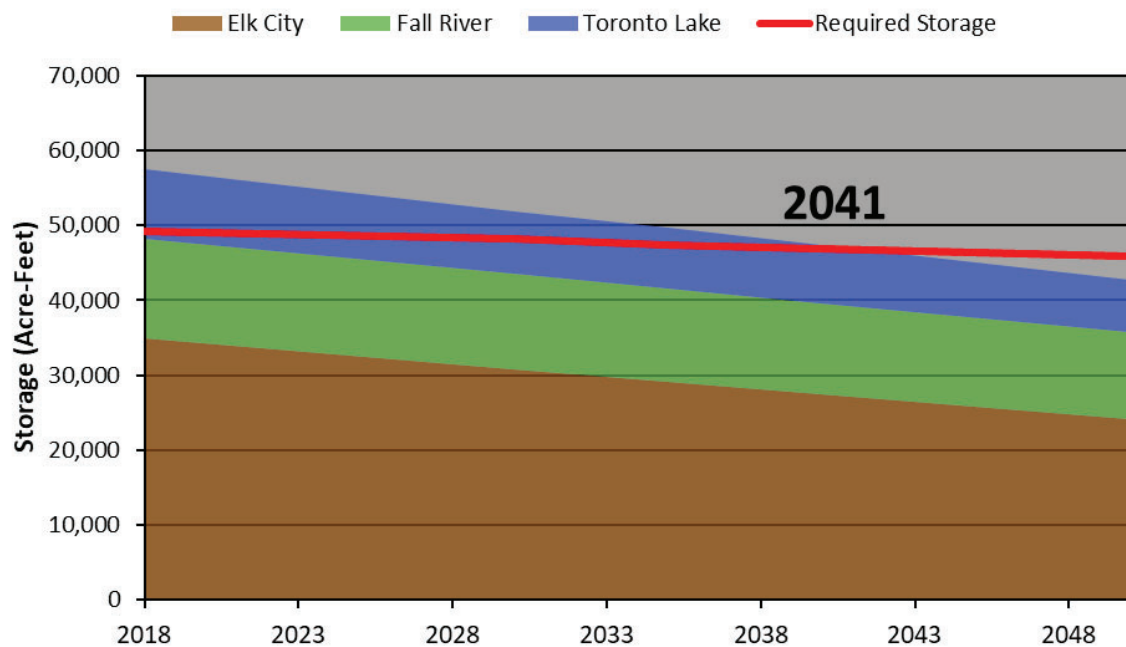


Strategic Plan/Agency Narrative

Neosho River Basin Projected Water Supply



Verdigris Basin Projected Water Supply



Strategic Plan/Agency Narrative

WATER PLANNING AND IMPLEMENTATION PROGRAM cont.

- **Research and Technical Studies** - The Kansas Water Office is charged in K.S.A. 74-2608 with the collection and compilation of information pertaining to climate, water and soil as related to the usage of water. K.S.A. 74-2610 further requires water related state agencies to cooperate and provide information as requested. The Kansas Water Office utilizes the information collected to develop assessment reports on the water resources of Kansas for recommendations included in the Kansas Water Plan. The agency is also responsible for monitoring conditions related to drought and development of water conservation plan guidelines.

Objectives

- Measure the condition of the water resources of the state;
- Provide adequate technical analysis and background to support the development of policy and priority issues; and
- Measure and assess the status and effectiveness of practices and projects implemented through the State Water Plan.

Strategies

- Conduct in-house technical analyses focusing on development and status of implementation of priority issues;
- Provide water resource-related data and/or reports for each of the 14 regions detailing water resource conditions; and
- Contract with state and federal research organizations for analyses focusing on condition of the water resources of the state.

Performance Measures	Actual FY2026	Actual FY2024	Current FY2025	Budget FY2026
Regional water resource data/reports	14	14	14	14
Research and technical studies underway and completed	16	16	16	16

Consequences of Not Funding – Research, data collection and analysis, monitoring of ongoing projects, and evaluation of emerging technologies are critical to adequately assessing the conditions of the water resources of the state, tracking the effectiveness of project implementation, and developing adaptive management strategies for long-term water resource management in Kansas.

- **Education and Outreach** – The Kansas Water Office emphasize information and education regarding the importance of water and water conservation practices throughout the State of Kansas.

Objectives

- Be an active participant in water resources policy formation and recommendations that result in legislation;
- Foster a trust in the planning process which is conducted in an open public forum and based on sound research;
- Involve the public and stakeholders in the development of proposed policy initiatives;
- Create electronic and written publications in a format and style that the public finds accessible; and
- Annually host a Governor's Conference on the Future of Water in Kansas to disseminate information and encourage public engagement in water issues.

Strategies

- Engage citizens, organizations, and agencies in efficient and effective policy consideration;
- Conduct meetings and outreach opportunities with regional advisory committees, stakeholders, and agency advisors to identify water resource issues, develop goals and action plans to address the issues;
- Utilize website and social media to share information with stakeholders; and

Strategic Plan/Agency Narrative

- Engage in implementation of the Kansas Water Plan Education, Communication, and Public Outreach-related action items.

Performance Measures	Actual FY2023	Actual FY2024	Current FY2025	Budget FY2026
Number of people engaged in public meetings and conferences	8,500	10,000	11,000	12,500
Number of multimedia interactions	525,000	575,000	575,000	580,000

Consequences of Not Funding - The ability to deliver water resource-related education and outreach opportunities which increase youth and adult awareness of water issues as well as develop partnerships between industry, community, and educational institutions that will promote and train for water-related careers will be limited.

PUBLIC WATER SUPPLY PROGRAM

- **Public Water Supply Program:** The Kansas Water Office administers the Water Marketing Program, the Water Assurance Program, Lower Smoky Hill Access District and the public water supply component of the Multipurpose Small Lakes Program.

The Water Marketing Program utilizes state owned storage in federal reservoirs to provide raw water supply to municipal and industrial water customers. The customer usage is governed by water marketing contracts that specify the length of contract, type of use, quantity, place of use and reservoir source.

The Water Assurance Program uses storage in federal reservoirs to ensure that municipal and industrial surface and alluvial groundwater right holders have water available during low flow conditions. The program makes releases from storage in the reservoirs dedicated to the districts to meet identified streamflow targets when natural flow is insufficient.

Objectives

- Ensure that the water supply needs of the citizens of Kansas are met in an economical and efficient manner;
- Ensure that the state recoups its costs for providing water supply service to beneficiaries;
- Ensure that municipal and industrial water rights on the major rivers have an adequate water supply during drought conditions; and
- Effectively utilize storage to lengthen support during low flow conditions.

Strategies

- Complete technical analysis of water available for contract sale during drought of record conditions to ensure contracts can be met;
- Negotiate contracts for sale of water from state owned storage, completing findings of public interest, prior to contract execution;
- Complete annual capital development plan to assure adequate tracking and planning for financial health of the program;
- Purchase available storage in federal reservoirs to provide low flow release support;
- Negotiate contracts for storage with water assurance districts to recoup state cost;
- Complete hydrologic modeling to assist in defining operational rules;

Strategic Plan/Agency Narrative

PUBLIC WATER SUPPLY PROGRAM cont.

- Negotiate operational rules and terms of support with organized assurance districts on a 5-year update schedule; and
- Monitor streamflow and reservoir levels and call for releases to meet target flow requirements.

Performance Measures	Actual FY2023	Actual FY2024	Current FY2025	Budget FY2026
Number of people directly served*	1,335,688	1,402,473	1,472,596	1,546,225
Number of industrial customers directly served	15	15	17	17
Number of irrigation water rights directly served	58	62	57	57
% of time demands are met - all PWS programs	100	100	100	100

*Based on population estimates.

Consequences of Not Funding - The ability to meet water supply demands of all customers of the PWS programs in accordance with existing long-term contracts and operations agreements, ensuring that the state continues to meet its current and future obligations associated with state-owned water supply storage, and continued operations and analysis to effectively protect, maintain, and secure state-owned storage to support the needs of the citizens of Kansas will be limited.

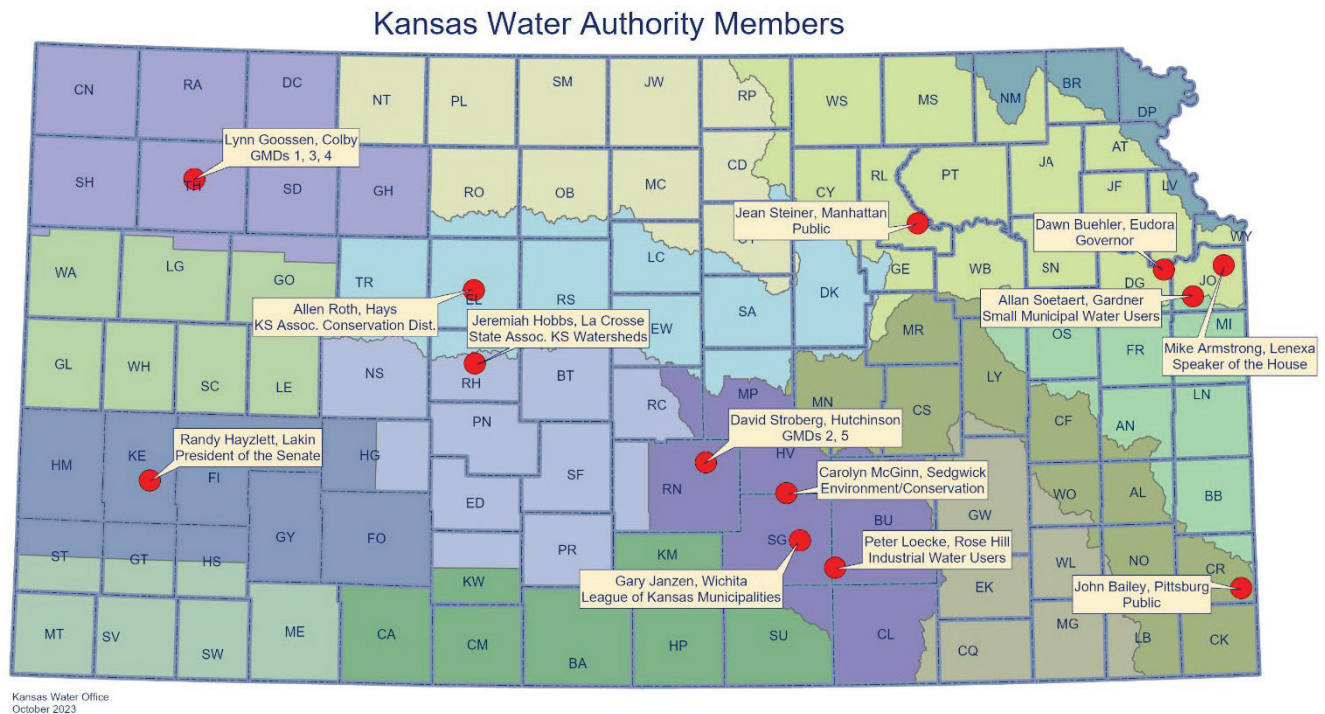
Water Planning and Implementation Program

The Kansas Water Office has budgeted for 26 positions (25 FTE and 1 non-FTE) for FY2026. These positions conduct water planning, policy, research and technical studies coordination, education and outreach, as well as facilitate public input throughout the state through 14 Regional Advisory Committees, Kansas Water Authority, and other stakeholder meetings. This portion of the budget covers routine Kansas Water Office operations as well as studies and projects recommended by the KWA and primarily funded by the State Water Plan Fund and the State General Fund.

The Kansas Water Authority is comprised of 24 members (13 voting and 11 ex officio) that have knowledge of water related issues and represent various water related organizations: municipal, industrial, environmental and agricultural interests, and the general public. The KWA conducts meetings 4-5 times a year throughout Kansas to allow legislators, stakeholders, and the general public to participate in meetings. The KWA also comprises of standing committees, which include operation and communication involving the Regional Advisory Committees, reviewing of budget proposals, and overseeing the Kansas Water Office public water supply programs.

The KWA has the statutory responsibility to advise the Governor, the Legislature, and the Kansas Water Office Director on water policy issues and approves the *Kansas Water Plan* and revisions, federal contracts, public water supply contracts, and water supply rates for raw water purchased from federal reservoir storage assigned to the KWO. The KWA, by statute, also has the responsibility to provide recommendations on the expenditure of funds appropriated from the State Water Plan Fund.

A map detailing the membership of the Kansas Water Authority, and whom they represent, is included:



Water Planning and Implementation

Kansas Water Office - Water Planning and Implementation

The Water Planning and Implementation (01030) program includes both the Kansas Water Office administration and the State Water Plan Fund.

ACCOUNT CODES 510000-519999 – SALARIES AND WAGES: Responsibilities of 13 FTE permanent positions are requested to be funded by the State General fund. Responsibilities of 2 FTE's are requested to be funded by the State Water Plan Fund under KWO Water Planning and Implementation. K.S.A. 74-2622(a) authorizes 13 board members to be appointed to the Kansas Water Authority under Water Planning and Implementation. Compensation of \$35/day, as well as fringe benefit calculations, are budgeted for 13 voting members of the Kansas Water Authority (KWA) for attendance at full KWA meetings, authorized committee meetings, or activities directly related to the functions of the Kansas Water Authority.

Current Year FY2025: \$1,363,215 - Salaries and increased benefits for 13 FTE's have been budgeted for in FY2025 under KWO Water Planning and Implementation. The Public Water supply program has 10 FTE, 1 non-FTE employees budgeted.

Budget Year FY2026: \$1,582,756 - Salaries and increased benefits for 15 FTE's have been budgeted for in FY2026 under KWO Water Planning and Implementation. The Public Water supply program has 10 FTE, 1 non-FTE employees budgeted.

SGF Enhancement FY2026: \$211,169 in Salaries. KWO is requesting two additional full-time positions to increase overall agency capacity to serve the needs of Kansans.

- **Water Resource Planner** - Coordinates with KWO staff on planning, project, grant and/or program related engagement with the Kansas Water Authority, state agencies, federal agencies, Regional Advisory Committees and others as appropriate. Work also includes review of various technical documents and project plans, and representing KWO at various meetings and events.
- **Water Conservation Support** - Provides support for ongoing KWO efforts to assist water users in adopting and enhancing water conservation practices. Responsibilities include Coordination with KWO staff on planning, project, grant and/or program related engagement with the Kansas Water Authority, state agencies, federal agencies, Regional Advisory Committees and others as appropriate. Work also includes assisting water users in adopting practices to address the depletion of the Ogallala Aquifer, as well as other at-risk water sources in Kansas, involving agricultural, municipal, recreational and industrial water users.

ACCOUNT CODES 520000-529999 – CONTRACTUAL SERVICES: Funding described in this section covers basic agency operations such as communications, rent, travel, and printing as well as contracted support for information technology, included in the contractual services are federally funded projects.

Current Year FY2025: \$13,039,306 - A total of \$234,692 has been budgeted for KWO and KWA costs from the State General Fund for overhead costs and travel. Due to prior year budget reductions, a portion of operational expenditures is funded by the Water Marketing Program. The other expenditures are from the State Water Plan Fund, General Fee Fund, Indirect Fund, Republican River Fund and federal grant studies.

Budget Year FY2026: \$9,977,915 - A total of \$235,572 has been budgeted for KWO and KWA costs from the State General Fund for overhead costs and travel. Due to prior year budget reductions, a portion of operational expenditures is funded by the Water Marketing Program. The other expenditures are from the State Water Plan Fund, General Fee Fund, Indirect Fund, Republican River Fund and federal grant studies.

Water Planning and Implementation

ACCOUNT CODE 530000-539999 – COMMODITIES: These expenditures include stationery, maintenance parts for computers, network servers, data storage back-up, printers and plotters as well as office/computer related materials and supplies.

Current Year FY2025: \$138,100 - Commodities purchased by the agency to support policy planning and development as well as general agency operations.

Budget Year FY2026: \$137,100 - Commodities purchased by the agency to support policy planning and development as well as general agency operations.

ACCOUNT CODE 540000-549999 – CAPITAL OUTLAY: The agency Information Technology Plan includes a schedule to maintain computer and information technology replacement, which provides for replacing three to four microcomputers and accessories each year as well as upgrading software and continual support of ESRI ArcGIS.

Current Year FY2025: \$21,700 - \$2,700 of the total amount is requested in SGF funding and will be used to purchase software as a part of the agency plan to upgrade computer technology for agency operations in accordance with the agency's information technology plan.

Budget Year FY2026: \$31,000 - \$12,000 of the total amount is requested in SGF funding and will be used to purchase software as a part of the agency plan to upgrade computer technology for agency operations in accordance with the agency's information technology plan.

SGF Enhancement FY2026: \$9,300 in Capital Outlay. KWO is requesting additional funding for computers, monitors, equipment, etc. for the requested two new full-time employees.

ACCOUNT CODE 551100 – AID TO LOCAL:

Current Year FY2025: \$0

Budget Year FY2026: \$0

ACCOUNT CODE 551600-551700 – OTHER ASSISTANCE:

Current Year FY2025: \$50,181,098 - Other assistance funding for state-aid payments made for Kansas Reservoir Protection Initiative (KRPI), Water Quality Partnerships, Equus Beds Chloride Plume remediation project, High Plains Aquifer Partnerships and state special grants.

Budget Year FY2026: \$20,414,890 - Other assistance funding for state-aid payments made for Kansas Reservoir Protection Initiative (KRPI), Water Quality Partnerships, Equus Beds Chloride Plume remediation project and High Plains Aquifer Partnerships and state special grants.

ACCOUNT CODES 560000 – DEBT SERVICE

Current Year FY2025: \$0

Budget Year FY2026: \$0

ACCOUNT CODE 579900 – NON-EXPENSE ITEMS:

Current Year FY2025: \$0

Budget Year FY2026: \$0

Water Planning and Implementation

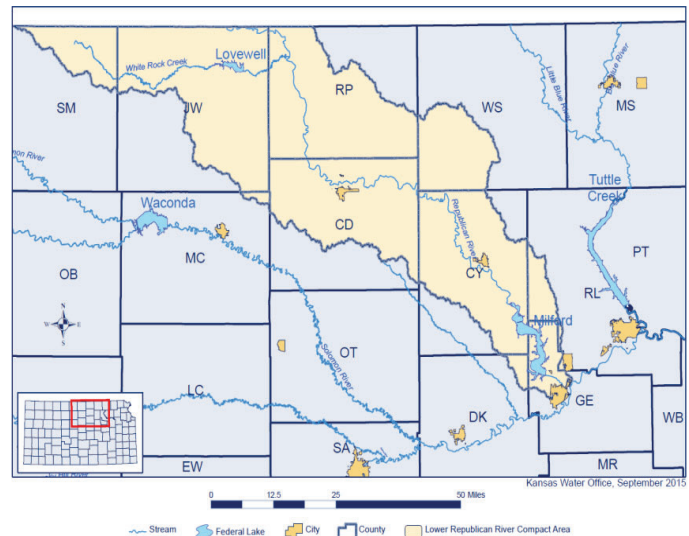
Republican River Water Conservation Project – Nebraska Money Fund

Program Objective

The Lower Republican River basin has many competing needs for the limited water supplies: irrigation, recreation, wildlife areas, municipalities, industries and minimum desirable streamflow.

In 1943, the water supply of the Republican River valley was allocated among the three states. The Republican River is subject to an interstate compact entered into by Colorado, Nebraska, and Kansas. In 1985, Kansas began raising serious concerns about Nebraska's continued development and overuse of ground water in the Republican River Basin. In 1998, Kansas filed a motion for leave to file a bill of Complaint with the U.S. Supreme Court alleging that Nebraska was violating the compact, including groundwater that was connected to surface flows in the Basin. Over the years many users have had reduced water due to reduced supplies or regulation of Minimum Desirable Streamflow. In 2003, the Republican River Compact Administration adopted accounting procedures that included an extensive groundwater model. Nebraska exceeded its allocation during the water short years of 2005-2006, and also during the five-year time period that ended in 2007. Consequently, Kansas did not get its full allocation. The arbitration filed in 2009 agreed with Kansas that Nebraska had not complied with the compact. On February 24, 2015, the U.S. Supreme Court ordered Nebraska to pay Kansas \$5.5 million.

Lower Republican River Compact Area



During the 2015 Legislature a provision was enacted in House Substitute for Senate Bill 112 Sec. 178.

SB 112 Sec. 178

The provision divides monies received from the state of Nebraska pursuant to the interstate litigation to be credited to the Republican River Water Conservation Projects – Nebraska money fund of the Kansas Water Office and the Interstate Water Litigation fund of the Attorney General. Near the end of the 2015 Legislative Session, the State of Nebraska approved a measure to pay Kansas \$5.5 million as a result of the U.S. Supreme Court ruling on the Kansas v. Nebraska lawsuit regarding violations of the Republican River Compact. Funds were received from Nebraska on June 23rd, 2015. The Kansas Treasurer deposited these funds into two accounts in accordance with the budgetary provision.

Fund/Account Designation	Agency	Amount
Republican River Water Conservation Project- Nebraska Money Fund	Kansas Water Office	\$3,500,000
Interstate Water Litigation Water Litigation Reserve Account	Attorney General	\$2,000,000
Total		\$5,500,000

Water Planning and Implementation

Republican River Water Conservation Project – Nebraska Money Fund cont.

Program Activities

The proviso also requires that the Director of the Kansas Water Office, in consultation with the local stakeholders in the basin, the Chief Engineer and the Secretary of Agriculture, shall expend such moneys in the Republican River water conservation projects – Nebraska moneys fund of the Kansas water office for water improvement projects in the Republican river basin as described in K.S.A. 2014 Supp. 82a-1804(g), and amendments thereto.

K.S.A. 82a-1804 (g) lists the type of projects that are eligible to be implemented with funds from the Republican River Water Conservation Projects-Nebraska Moneys Fund.

Projects can include:

- (1) Efficiency improvements to canals or laterals managed and paid for by an irrigation district or projects to improve the operational efficiency of management of such canals or laterals.
- (2) water use efficiency upgrades;
- (3) implementation of water conservation of irrigation and other types of water uses;
- (4) implementation of water management plans or actions by water rights holders;
- (5) water measurement flumes, meters, gauges, data collection platforms or related monitoring equipment and upgrades;
- (6) artificial recharge, funding a water transition assistance program; the purchase of water rights for stream recovery or aquifer restoration and cost share for state or federal conservation programs that save water;
- (7) maintenance of the channel and the tributaries of the Republican river;
- (8) reservoir maintenance or the purchase, lease, construction or other acquisition of existing or new storage space in reservoirs;
- (9) purchase, lease or other acquisition of a water right; and
- (10) expenses incurred to construct and operate off-stream storage.

Program Budget

	FY2025 Budget	FY2026 Budget
<i>Contractual</i>	\$800,000	\$800,000
<i>Total Expenditures</i>	\$800,000	\$800,000

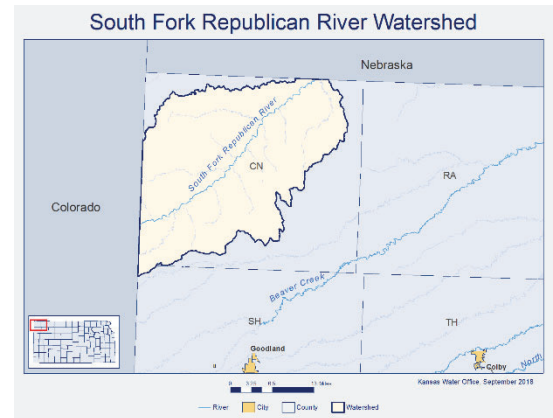
Water Planning and Implementation

Republican River Water Conservation Project – Colorado Money Fund

Program Objective

The South Fork Republican River Basin in Northwest Kansas has historically not received the water to which it is entitled under the Republican River Compact due to overdevelopment in Colorado. In August of 2018, the states of Kansas and Colorado reached a settlement regarding past compact violations in Colorado. That agreement resulted in a transfer of \$2 million in funds from Colorado to Kansas during Fiscal Year 2019.

K.S.A. 82a-1804 (d) establishes the Republican River Water Conservation Projects — Colorado Money Fund to be administered by the director of the Kansas Water Office. Moneys received from Colorado will be deposited in this fund to be used in the Upper Republican River Basin. Paragraph 5 of the agreement signed by Governors and Attorneys General from both Kansas and Colorado states that “Kansas agrees to pursue a good faith effort to spend the \$2 million paid . . . for the benefit of the South Fork of the Republican River within Kansas in maintaining compliance with the Compact and the FSS.”



Program Activities

The Kansas Water Office and the Kansas Department of Agriculture have sought input from stakeholders within the region on the activities, which are allowed by state statute, will provide the most benefit to the region.

K.S.A. 82a-1804 (g) lists the type of projects that are eligible to be implemented with funds from the Republican River Water Conservation Projects-Colorado Money Fund. Projects can include:

- (1) Efficiency improvements to canals or laterals managed and paid for by an irrigation district or projects to improve the operational efficiency of management of such canals or laterals.
- (2) water use efficiency upgrades;
- (3) implementation of water conservation of irrigation and other types of water uses;
- (4) implementation of water management plans or actions by water rights holders;
- (5) water measurement flumes, meters, gauges, data collection platforms or related monitoring equipment and upgrades;
- (6) artificial recharge, funding a water transition assistance program; the purchase of water rights for stream recovery or aquifer restoration and cost share for state or federal conservation programs that save water;
- (7) maintenance of the channel and the tributaries of the Republican river;
- (8) reservoir maintenance or the purchase, lease, construction or other acquisition of existing or new storage space in reservoirs;
- (9) purchase, lease or other acquisition of a water right; and
- (10) expenses incurred to construct and operate off-stream storage.

Program Budget

	FY2025 Budget	FY2026 Budget
Contractual	\$500,000	\$500,000
Total Expenditures	\$500,000	\$500,000

Water Planning and Implementation

State Water Plan Fund (SWPF)

The Kansas Water Authority reviewed the agency and regional advisory committee (RAC) requests on recommended projects for the SWPF for FY2025 and FY2026. KWA continues to focus funding to priority projects that are in the Kansas Water Plan and RAC goals and action plans. The following table shows the Kansas Water Authority recommendations for FY2026. The amounts reflect the funding for the Kansas Water Office. The Kansas Department of Health and Environment and Kansas Department of Agriculture will include their funding for the SWPF pertaining to their programs within their agency budgets.

Kansas Water Office State Water Plan Fund	FY2025 Approved	FY2025 Approved w/carry forward and pay plan	FY2026 KWA/Agency Base Budget Recs
Kansas Water Office			
Assessment and Evaluation - (1110)	\$ 2,231,255	\$ 2,539,242	
MOU - Storage Operations & Maintenance - (1150)	\$ 719,824	\$ 829,821	
Stream Gaging - (1190)	\$ 448,708	\$ 458,258	
Conservation Assistance for Water Users - (1200)	\$ 500,000	\$ 614,939	
Reservoir and Water Quality Research - (1275)	\$ 550,000	\$ 922,434	
Water Quality Partnerships - (1280)	\$ 1,464,890	\$ 2,751,901	
KS Water Plan Education & Outreach Strategy - (1281)	\$ 400,000	\$ 979,372	
High Plains Aquifer Partnerships - (1282)	\$ 2,000,000	\$ 3,454,842	
Kansas Reservoir Protection Initiative (KRPI) - (1286)	\$ 1,500,000	\$ 1,982,052	
KRPI Transfer to KDA (1286)	\$ (1,500,000)	\$ (1,892,164)	
Equus Beds Chloride Plume Remediation Project - (1287)	\$ 75,000	\$ 75,000	
Flood Response Study - (1288)	\$ -	\$ 400,000	
Arbuckle Study - (1289)	\$ 300,000	\$ 660,000	
Water Injection Dredging (WMD) - (1290)	\$ -	\$ 2,000,000	
HB 2302 - (1300)	\$ 858,704	\$ 1,462,120	
Water Quality (NEW3)			\$ 1,464,890
Water Quantity/Aquifer (NEW4)			\$ 2,000,000
Resiliency (NEW5)			\$ 2,350,000
Reservoir (NEW6)			\$ 1,477,419
Research & Education (NEW7)			\$ 2,791,255
SUBTOTAL- KWO	\$ 9,548,381	\$ 17,237,817	\$ 10,083,564

Water Planning and Implementation

On January 24, 2024, Governor Laura Kelly charged the Kansas Water Authority to develop a strategic implementation plan, including funding, based on five Guiding Principles of the Kansas Water Plan. Governor Kelly's request included development of initial recommendations for a large-scale, long-term investment framework before the 2025 Legislative Session.

In an effort to create a flexible State Water Plan Fund budget reflective of the five Guiding Principles of the Kansas Water Plan, state agencies consolidated the traditional State Water Plan Fund budget lines into five new budget lines: (1) Water Quality, (2) Water Quantity/Aquifer, (3) Reservoir, (4) Research and Education, (5) Resiliency.

To aid in the transition to this new framework, the following table shows the existing State Water Plan Fund projects and programs, grouped under their new budget lines for FY2026. The amounts reflect the funding for the Kansas Water Office. The Kansas Department of Health and Environment and Kansas Department of Agriculture will include their funding for the SWPF pertaining to their programs within their agency budgets.

Kansas Water Office FY2026 Five Guiding Principles	FY26 KWA/Agency Budget Recs Water Quality	FY26 KWA/Agency Budget Recs Water Quantity/Aquifer	FY26 KWA/Agency Budget Recs Reservoir	FY26 KWA/Agency Budget Recs Research & Education	FY26 KWA/Agency Budget Recs Resiliency	FY2026 Total
Kansas Water Office						
Assessment and Evaluation				\$ 1,231,255		
Independent Program Evaluation				\$ 360,000		
New Water Planning & Project Development					\$ 1,000,000	
MOU - Storage Operations & Maintenance			\$ 778,711			
Stream Gaging			\$ 698,708			
Conservation Assistance for Water Users					\$ 500,000	
Reservoir and Water Quality Research				\$ 500,000		
Water Quality Partnerships	\$ 1,464,890					
KS Water Plan Education & Outreach Strategy				\$ 400,000		
High Plains Aquifer Partnerships		\$ 2,000,000				
Kansas Reservoir Protection Initiative (KRPI)						
KRPI Transfer to KDA						
Equus Beds Chloride Plume Remediation Project						
Flood Response Study						
Arbuckle Study				\$ 300,000		
Water Injection Dredging (WID)						
HB 2302					\$ 850,000	
SUBTOTAL- KWO	\$ 1,464,890	\$ 2,000,000	\$ 1,477,419	\$ 2,791,255	\$ 2,350,000	\$ 10,083,564

FY2026 State Water Plan Fund Strategic Implementation

The Kansas Water Plan was developed with a foundation of the following five Guiding Principles:

1. Improve the State's Water Quality. (Water Quality)
2. Conserve and Extend the High Plains Aquifer. (Water Quantity/Aquifer)
3. Secure, Protect and Restore our Kansas Reservoirs. (Reservoir)
4. Increase Awareness of Kansas Water Resources. (Research & Education)
5. Reduce our Vulnerability to Extreme Events. (Resiliency)

These Guiding Principles serve as a framework for Kansas Water Plan implementation, identifying statewide activities, projects and priorities addressing water quantity and quality issues impacting the water supply of Kansas.

On January 24, 2024, Governor Laura Kelly charged the Kansas Water Authority to develop a strategic implementation plan, including funding, based on these five Guiding Principles of the Kansas Water Plan. Governor Kelly's request included development of initial recommendations for a large-scale, long-term investment framework before the 2025 Legislative Session. In an effort to create a flexible State Water Plan Fund budget reflective of the five Guiding Principles of the Kansas Water Plan, state agencies consolidated the traditional State Water Plan Fund budget lines into five new budget lines: (1) Water Quality, (2) Water Quantity/Aquifer, (3) Reservoir, (4) Research and Education, (5) Resiliency.

To aid the transition to this new framework, this narrative will still detail existing State Water Plan Fund projects and programs, grouped under their new budget lines.

(1) Water Quality

- Water Quality Partnerships. (1280)

(2) Water Quantity/Aquifer

- High Plains Aquifer Partnerships. (1282)

(3) Reservoir

- MOU – Storage Operations & Maintenance. (1150)
- Stream Gaging. (1190)

(4) Research & Education

- Assessment and Evaluation. (1110)
- Independent Program Evaluation.
- Reservoir and Water Quality Research. (1275)
- KS Water Plan Education & Outreach Strategy. (1281)
- Arbuckle Study. (1289)

(5) Resiliency

- New Water Planning & Project Development
- Conservation Assistance for Water Users (1200)
- HB 2302

Water Planning and Implementation

Water Quantity/Aquifer

High Plains Aquifer Partnerships

Program Objectives

- Provide increased funding for leveraging partnership opportunities that support overall state efforts to conserve and extend the High Plains Aquifer in Kansas.
- Enhance and showcase conservation efforts which benefit the overall viability of the High Plains Aquifer for multiple water use groups (i.e. irrigation water use, dairies and feed yards, municipalities & utilities).
- Development of new partnerships to demonstrate practices, tools & technologies that promote water conservation in the High Plains Aquifer Region of Kansas.

Program Activities

- Provide continued support for the Water Innovation Systems and Education (WISE) Initiative through modified water conservation demonstration framework at KWO.
- Provide partnership support to the City of Garden City to best leverage SWPF resources with local and federal resources for water reclamation and reuse project activities.
- Provide partnership support for the High Plains Aquifer Regional Conservation Partnership Program (RCPP) project which supports conservation of groundwater resources within central and western Kansas.
- Provide continued support for partnerships that focus on conservation oriented education for irrigators, dairies and feed yards, municipalities and utilities.

Program Accomplishments

The Water Innovation Systems and Education (WISE) Initiative and associated SWPF support for this program have provided numerous demonstration opportunities across western Kansas to highlight and showcase tools, technologies, and practices which provide water conservation & reclamation benefits to irrigation water users, dairy & feed yard operators as well as municipal & industrial water users within the region. Previously appropriated SWPF resources for the Water Technology Farm program have been leveraged extensively with support provided by program participants, commodity groups, and the private sector.

Program Budget

Expenditures	FY2025 Approved	FY2025 Adjusted w/cf	FY2026 Water Quantity/Aquifer Allocation
Contractual	\$50,000	\$50,000	\$50,000
Other Assistance	\$1,950,000	\$3,404,842	\$1,500,000
Total Expenditures	\$2,000,000	\$3,454,842	\$2,000,000

Additional Funding Resources

Further financial support for partnership efforts could include, but is not exclusively limited to the federal government, other state agencies, groundwater management districts, local municipal utilities, agricultural advocacy/commodity groups, and non-profit organizations.

Water Planning and Implementation Reservoir

MOU – Operation and Maintenance

Program Objective

All of the contracts for state owned storage in the Army Corps of Engineers reservoirs used for water supply require the payment of a proportional amount of the operation and maintenance costs associated with the storage that is in service. Under the provisions of a 1985 memorandum of understanding (MOU) between the state and the Army Corps of Engineers, storage that had been reallocated from water quality to water supply could be purchased at the original cost of construction and original interest rates, a significant savings. Under the MOU provisions, the state was required to make a lump sum payment for the principal and interest. The 1993 legislature directed the KWA to aggressively acquire all storage made available under the MOU. The purchased storage was also called into service, which requires a continuing operation and maintenance obligation on that storage. Some of the storage in the following reservoirs is not in use by either the Water Marketing or Water Assurance programs: Council Grove, Elk City, Marion, Melvern, Pomona, and Tuttle Creek. Additionally, some storage in Milford and Toronto is not in use by revenue generating programs and must be included as an obligation of the State Water Plan Fund. The State Water Plan Fund is also used to pay a portion of the operation and maintenance costs of water storage space in Cedar Bluff Reservoir, which is used for recreational purposes as well as artificial recharge of the Smoky Hill alluvium downstream from the reservoir.

Program Activities

The KWO continues to utilize MOU Storage Operations & Maintenance funds within the State Water Plan Fund to pay the annual operation and maintenance costs of water storage space in the following reservoirs in accordance with the associated water storage purchase agreements between the state of Kansas and the Army Corps of Engineers. The funding request is based on the anticipated costs communicated to the KWO by the Army Corps of Engineers for the noted fiscal year. Invoices are submitted to the KWO annually for payment.

O&M by Reservoir	FY2025	FY2026
Council Grove	\$73,702	\$162,278
Elk City	\$84,024	\$44,444
Marion	\$229,208	\$321,439
Melvorn	\$130,247	\$144,117
Milford	\$47,844	\$52,519
Pomona	\$241,360	\$188,278
Toronto	\$1,189	\$1,234
Tuttle Creek	\$17,247	\$53,302
Cedar Bluff	\$5,000	\$5,000
Total O&M	\$829,821	\$972,611

Program Accomplishments

Payment to the Army Corps of Engineers for the state's contractual operation and maintenance obligation ensures water storage space is available to meet future growth.

Program Budget

Expenditures	FY2025 Approved	FY2025 Adjusted w/cf	FY2026 Reservoir Allocation
Contractual	\$719,824	\$829,821	\$778,711
Total Expenditures	\$719,824	\$829,821	\$778,711

Water Planning and Implementation Reservoir

Stream Gaging

Program Objective

Support the continuous monitoring of stream flows on key streams and rivers in Kansas. The information serves multiple purposes, public and private entities, and the general public.

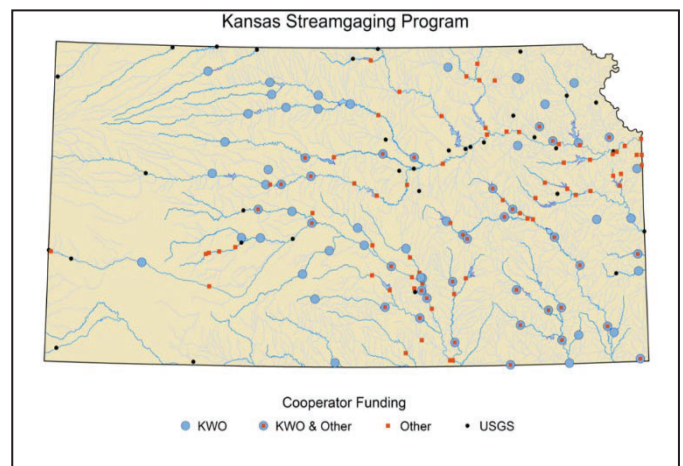
The Kansas Water Office contracts with the U.S. Geological Survey (USGS) to operate a network of stream gages in Kansas that have been collecting data for more than 100 years. These streamflow stations, in combination with reservoir level stations supported by other USGS funding partners, continue to provide real time data for streamflow and lake conditions. These data are used in making operational decisions regarding water rights; minimum desirable stream flows; flood monitoring; reservoir management; and water quality monitoring and analysis. In addition, this information is used to help operate the Water Marketing and Water Assurance Programs.

Program Activities

Contracted with USGS in FY2025 to operate 63 continuous record stations (including 60 surface water and 3 ground water stations) at locations across the state and provide access to USGS data via the Internet through the USGS National Water Information System (NWIS).

Recent Accomplishments

Stream gages provide near real-time information about stream and river conditions across the state of Kansas. This information is used on a daily basis by numerous local, state and federal agencies and research entities to plan, protect and conserve water resources.



Program Budget

Expenditures	FY2025 Approved	FY2025 Adjusted w/cf	FY2026 Reservoir Allocation
Contractual	\$448,708	\$458,258	\$698,708
Total Expenditures	\$448,708	\$458,258	\$698,708

Additional Funding Resources

The Kansas Water Office, in partnership with USGS, contributes money to the cost of operations of the stream gages. Other federal, state, and local agencies contribute cooperative funding, as do some private entities. There are a number of gages that are fully supported by the USGS and cooperatively by other entities.

Water Planning and Implementation Reservoir

Kansas Reservoir Protection Initiative (KRPI)

Program Objective

To protect water supply storage and improve water quality in reservoirs across Kansas that provide water to municipal and industrial customers through implementation of watershed best management practices (BMPs) within priority reservoir watersheds. BMPs are individual or a combination of practices that are determined to be the most effective and practicable (including technological, economic, and institutional considerations) means of controlling point and non-point sources of pollution at levels compatible with resource and economic goals. BMPs which can be utilized to reduce sediment and nutrient runoff in watersheds above water supply sources in Kansas include but are not limited to terraces, grassed waterways, cover crops and buffer strips. Water storage is being diminished over time due to reservoir sedimentation and water quality is being impacted by nutrient runoff, potentially resulting in harmful algae blooms, taste and odor issues with drinking water, and impacts to recreation in Kansas.

Program Activities

- Provide financial assistance to producers within targeted watersheds to implement conservation practices that reduce sediment runoff.
- Coordinate with Kansas Department of Agriculture-Division of Conservation, Kansas Department of Health and Environment, local conservation districts, local Watershed Restoration and Protection Strategy (WRAPS) program staff and Regional Advisory Committee representatives on delivery of program to producers within eligible watersheds.
- Engage with project partners to evaluate the FY 2025 Kansas Reservoir Protection Initiative and make modifications to improve the overall effectiveness and efficiency of the program for FY 2026.

Program Budget

Expenditures	FY2025 Approved	FY2025 Adjusted w/cf	FY2026 Reservoir Allocation
Other Assistance	\$1,500,000	\$1,982,052	\$0
Transfers	\$-1,500,000	\$-1,892,164	\$0
Total Expenditures	\$0	\$89,888	\$0

Water Planning and Implementation Reservoir

Water Injection Dredging

Program Objective

The Kansas Water Office, in partnership with the U.S. Army Corps of Engineers (USACE), will implement a Water Injection Dredging (WID) demonstration project at Tuttle Creek Lake to promote sustainable long-term reservoir sediment management. WID is a process in which large volumes of water are injected at low pressure into the sediment bed near the bottom of the reservoir through the use of pumps and a series of nozzles located on a horizontal pipe positioned above the sediment bed. The injected water effectively fluidizes the sediment creating a density current that allows the sediment to flow by gravity to deeper areas. In the case of Tuttle Creek Lake, the proposed WID demonstration project will be aimed at moving the sediment toward the existing low-level outlet in the dam, and monitoring the flow of the density current through the outlet during controlled discharges.

The goal of the project is to demonstrate successful application of WID technology at Tuttle Creek Lake, with the ultimate goal of sustaining long-term use of Tuttle Creek Lake, and potentially other Kansas reservoirs, for all of its authorized purposes. The reservoir continues to lose capacity due to sedimentation at an accelerated rate. Recent estimates from the Kansas Water Office indicate that approximately 50% of Tuttle Creek Lake's original multipurpose storage capacity has been lost due to sedimentation, with an estimated 5% of remaining storage lost in 2019 alone. Tuttle Creek Lake is a vital resource within the Kansas River Basin. The continued loss of capacity and impending impact to the authorized purposes is a major concern for the State of Kansas. Successful demonstration of WID technology at Tuttle Creek Lake will help to advance other innovative methods aimed at extending the life of reservoir storage in Kansas, including the use of WID with hydrosuction or other sustainable sediment management techniques.

Program Activities

- The proposed demonstration project includes the following major components:
 - 1) Contractor agreement to supply and operate the necessary WID equipment and vessel(s)
 - 2) Demonstration of the WID at Tuttle Creek Lake at different elevations and flow discharges
 - 3) Monitoring and evaluation of both the operational and environmental results
- Continue development of monitoring, implementation, and outreach plans in coordination with USACE. The KWO has engaged with USACE, agency partners, and stakeholders within the basin to discuss the project and develop the monitoring plan and strategies for measuring project success.
- KWO will continue its partnership with USACE to provide technical and financial resources for the upcoming demonstration, to potentially include WID procurement, stakeholder outreach, project planning and implementation, and onsite field data collection and analysis.
- Complete the procurement process and select a dredging contractor for the demonstration.
- Initiate the Tuttle Creek Lake WID Demonstration in spring 2025 with multiple rounds of WID operation and monitoring under a variety of reservoir and seasonal conditions.

Program Budget

Expenditures	FY2025 Approved	FY2025 Adjusted w/cf	FY2026 Reservoir Allocation
Contractual	\$0	\$2,000,000	\$0
Total Expenditures	\$0	\$2,000,000	\$0

Additional Funding Resources

- U.S. Army Corps of Engineers.

Water Planning and Implementation

Water Quality

Water Quality Partnerships

Program Objectives

- Provide increased funding for leveraging partnership opportunities that support overall efforts to improve our state's water quality.
- Enhance watershed conservation practice implementation benefiting surface and groundwater quality.
- Development of new partnerships and enhancement of existing partnership to facilitate enhanced watershed conservation practice implementation with a goal of improving Kansas water quality.

Program Activities

- Leverage partner resources with other state, federal, local and private technical/financial resources to enhance watershed conservation practice implementation within priority areas of Kansas experiencing surface and/or groundwater quality issues.
- Collaborate with partners to hold stakeholder-focused meetings within priority areas to increase awareness on resources available to assist with conservation practice implementation.
- Collaborate with partners to identify additional leveraging opportunities for which State Water Plan Fund resources could be utilized to advance Kansas Water Plan implementation efforts focusing on water quality. This could include, but not be limited to, the Milford Lake Watershed, the Arkansas River Basin in southwest Kansas and other areas of the state with priority water quality issues.

Program Budget

Expenditures	FY2025 Approved	FY2025 Adjusted w/cf	FY2026 Water Quality Allocation
Other Assistance	\$1,464,890	\$2,751,901	\$1,464,890
Total Expenditures	\$1,464,890	\$2,751,901	\$1,464,890

Additional Funding Resources

Further financial support for partnership efforts could include, but is not exclusively limited to, the federal government, other state agencies, groundwater management districts, local municipalities/utilities, agricultural advocacy/commodity groups and non-profit organizations.

Water Planning and Implementation

Water Quality

Equus Beds Chloride Plume Remediation Project

Program Objective

Chloride contamination within the Equus Beds Aquifer resulting from previous oil field production in the Burrton area has resulted in areas of groundwater that is unsuitable for most uses. Remediation of areas of high chloride concentrations within the Equus Beds would help generate an additional water supply source as well as help protect and prolong the useable lifespan of groundwater wells around areas of chloride contamination.

Program Activities

- Previous funding was utilized, through a technical service provider contract, to complete an analysis of strategies and alternatives within the Equus Beds Aquifer that would remediate the Equus Beds chloride plume between Burrton and Halstead which impacts groundwater within the region. The impacted water use types include irrigation water for agricultural production as well as the City of Wichita's groundwater well field within the Equus Beds Aquifer.
- Previously developed strategies and alternatives are currently being reviewed and updated by a consultant through an agreement with KWO and KDHE.
- Future funding will be utilized for advancement of efforts to establish a chloride plume remediation project within impacted portions of the Equus Beds Aquifer in south-central Kansas.

Program Budget

Expenditures	FY2025 Approved	FY2025 Adjusted w/cf	FY2026 Water Quality Allocation
Other Assistance	\$75,000	\$75,000	\$0
Total Expenditures	\$75,000	\$75,000	\$0

Additional Funding Resources

- U.S. Bureau of Reclamation
- City of Wichita
- Equus Beds Groundwater Management District #2

Water Planning and Implementation Research & Education

Assessment and Evaluation

Program Objective

The Assessment and Evaluation funding line is used to contract for a variety of data collection and studies. The overall objective of the program is to provide the state water planning process with the background information necessary to make decisions and improve implementation.

Program Activities

The Assessment and Evaluation funding line started in 1998 and has received some level of funding consistently since 2001. During the 1990's, and partially into the early 2000's, many individual studies were identified by appropriation within the SWPF. Nearly all Kansas Water Office study funds had been rolled into the A&E funding line by FY 2006. By combining these funding activities, the agency can be more responsive to study needs and changing priorities. The following table shows the list of studies completed, underway, or planned from FY 2022 through FY 2025.

Project	Contractor / Cooperator
Kansas Water Plan Strategic Framework Development	Burns & McDonnell
Airborne Electromagnetic Surveys for Aquifer Characterization	Kansas Geological Survey
High Plains Aquifer Index Wells	Kansas Geological Survey
High Plains Aquifer Modeling Maintenance and Development	Kansas Geological Survey
Kansas River Alluvial Aquifer Modeling and Monitoring	Kansas Geological Survey
Missouri Regional Planning Area Groundwater Inventory	Kansas Geological Survey
Produced Water Pilot Test Project	Bureau of Reclamation
Irrigated Cattle and Dairy Feed and Forage Systems Study	Kansas State University
South Bluff Sedgwick County Dewatering Study	Sedgwick County
Coffeyville Low Water Dam Assessment PAS	U.S. Army Corps of Engineers
Kansas River Reservoirs Flood and Sediment Study	U.S. Army Corps of Engineers
Kansas River Reservoirs Sediment Management PAS Study	U.S. Army Corps of Engineers
Kansas Water Plan Strategic Implementation Planning - Phase 2 PAS	U.S. Army Corps of Engineers
Lower Missouri River Flood Risk and Resiliency Feasibility Study	U.S. Army Corps of Engineers
South Johnson County Regional Wastewater PAS Study	U.S. Army Corps of Engineers
Harmful Algal Blooms in Slow-Moving Waters Study	U.S. Geological Survey
Kansas River Water Quality Monitoring	U.S. Geological Survey
Neosho River Suspended Sediment Monitoring	U.S. Geological Survey
Republican River and Milford Lake Water Quality Monitoring	U.S. Geological Survey
Feasibility Report for Stabilization of Big Blue River Dam Site	Water Resources Solutions, Wildhorse Riverworks

Program Budget

Expenditures	FY2025 Approved	FY2025 Adjusted w/cf	FY2026 Research & Education Allocation
Contractual	\$2,231,255	\$2,539,242	\$1,231,255
Total Expenditures	\$2,231,255	\$2,539,242	\$1,231,255

Water Planning and Implementation Research & Education

Reservoir and Water Quality Research

Program Objective

Continued coordination and support for reservoir and water quality related data collection, analysis, and research to address goals and needs identified in the Kansas Water Plan. Project identification and selection is done in collaboration with the Research Coordination Workgroup, which includes representatives from the Kansas Water Office, Kansas Water Authority, Kansas Biological Survey, Kansas Department of Agriculture, Kansas Department of Health and Environment, Kansas Forest Service, Kansas Geological Survey, Fort Hays State University, K-State Research and Extension, the University of Kansas, U.S. Geological Survey, and U.S. Army Corps of Engineers.

Program Activities

- Collection and analysis of sediment cores taken from Kansas reservoirs on a rotating basis. The cores serve as a layered timeline of sedimentation and harmful algal bloom (HAB) events, indicator of historical water quality, and measure of infill thickness.
- Evaluation of current and proposed streambank stabilization (SBS) projects to help determine SBS effectiveness at reducing erosion and associated sedimentation, and help to inform adaptive management strategies for enhancing project efficiency.
- Development of a stand-alone tool that Kansas Division of Emergency Management and other agencies could use to model flood inundation scenarios on-the-fly to enhance the state's ability to address future flooding events.
- Analysis of existing groundwater quality data, particularly nitrate and chloride, from Groundwater Management District No. 2 (GMD2) and the KGS WWC5 database to evaluate local and regional patterns in groundwater quality data and identify dominant drivers of patterns at the regional (GMD) scale.
- Collection of reservoir sediment and samples from various sources throughout the upstream watershed to trace dominant sources of sediment at federal reservoirs. The data and analysis will be compiled in a statewide inventory, improve understanding of systemic sedimentation drivers in each watershed, and help identify the sediment management practices best suited to each reservoir and watershed.
- Analysis of historical trends in seasonal to annual hydroclimatic compound extremes to understand spatial patterns and define trajectories of change for conditions in water management areas throughout the state.
- Data collection, modeling, and analysis to evaluate the effectiveness of agricultural BMPs at reducing sedimentation at a regional scale under current and future climatic conditions.

Program Budget

Expenditures	FY2025 Approved	FY2025 Adjusted w/cf	FY2026 Research & Education Allocation
Contractual	\$550,000	\$922,434	\$500,000
Total Expenditures	\$550,000	\$922,434	\$500,000

Water Planning and Implementation Research & Education

KS Water Plan Education & Outreach Strategy

Program Objectives

To implement an education plan that builds upon existing efforts and leads to the development of new statewide programs that focus on water resources. Water resource education should begin at the kindergarten level, and develop into secondary education, prepare students at the university level to go into the workforce in a water-related field, and continue to provide information to the general public and key stakeholders in our state. The ultimate goal is to raise awareness of water issues within the state and increase the knowledge of those working within water-related careers.

KWO Proposed Activities

The activities proposed within this section are identified in the “Increase Awareness of Kansas Water Resources” Guiding Principle of the Kansas Water Plan. This Guiding Principle, and the included action items, were created and approved through public input involving any and all state and federal entities, Regional Advisory Committee members and any other Kansans who found value in participating in drafting this Guiding Principle, as well as members of varying education sectors.

- Hold a statewide Summit on Water Education for educators and educational organizations to share best practices, resources, curriculum and services.
- Develop a grant program for new and existing water education organizations to provide professional development, curriculum and resources that build on statewide messaging efforts.
- Begin evaluation of higher education institutions’ current academic offerings and identify water-related courses and curriculum and partner in water programs within universities.
- Coordinate regional/topical workshops to facilitate development of partnerships between higher education and business and industry. Partnerships will analyze existing academic degree programs leading to water-related careers.
- Develop a grant-sponsored internship/mentorship program in water-related careers, sponsored across water agencies.
 - Employ university or high school student interns at various statewide locations in water-related careers from policy to technical work.
 - Conduct week-long mentorship programs for high school students at various state-wide locations in water-related careers from policy to technical work.
- Coordinate and cost-share with Kansas Groundwater Management Districts for implementation of a certified irrigator program to increase producer understanding of water-saving techniques.

Program Accomplishments

- The marketing firm Walz Tetrick initiated the Statewide Marketing Campaign, creating the campaign and marketing slogan, “Kansas Runs on Water (KSROW)” and completed phased development of a statewide website.
 - In 2023, the Kansas Water Office met with the firm to receive an update on potential campaign information that may be disseminated upon official campaign launch.

Water Planning and Implementation Research & Education

KS Water Plan Education & Outreach Strategy cont.

- Communication continues with state agency partners and other conservation education non-governmental organizations to pursue statewide Kansas water education programs and ways to accomplish Kansas Water Plan education goals.
- Kansas water education lessons and activities were provided by the Kansas Water Office at conservation education workshops, field days, water festivals, radio programs, conservation agency/organization conferences.

Program Budget

Expenditures	FY2025 Approved	FY2025 Adjusted w/cf	FY2026 Research & Education Allocation
Contractual	\$400,000	\$979,372	\$400,000
Total Expenditures	\$400,000	\$979,372	\$400,000

Water Planning and Implementation Research & Education

Flood Response Study

Program Objective

The 2019 Special Legislative Committee on Flooding recommended funding for evaluation of flood risks in Kansas. The KWO is continuing efforts to leverage federal resources for completion of studies in flood prone areas of Kansas. Flood study efforts look to identify areas of recurring flooding, determine economic loss from these events, and identify potential mitigation projects that can lessen future flood damage. Resources for future flood study-related efforts would be supported in FY2025 through Assessment and Evaluation funding.

KWO Program Activities

- KWO continues to pursue partnering opportunities with the federal government to leverage federal resources for flood study-related efforts. These study efforts would help to:
 - Identify areas of recurring damage and economic loss.
 - Identify potential mitigation strategies and projects that will lessen future damage.
 - Develop recommendations for future project implementation.

Program Budget

Expenditures	FY2025 Approved	FY2025 Adjusted w/cf	FY2026 Research & Education Allocation
Contractual	\$ -	\$400,000	\$ -
Total Expenditures	\$ -	\$400,000	\$ -

Additional Funding Resources

- U.S. Army Corps of Engineers
- FEMA

Water Planning and Implementation Research & Education

Arbuckle Study

Program Objective

The Arbuckle formation is a resource heavily relied upon by a range of industries and municipalities in Kansas for fluid-waste disposal, oil production, storage, and fresh water. Historical disposal of fluids in the Arbuckle has been at sustainable to moderate rates. However, yearly tests of Class-I disposal wells indicate that pressure and static fluid levels have risen in the Arbuckle, particularly in south-central Kansas, decreasing the storage capacity, and therefore life expectancy, of the disposal receptacle and increasing pore pressure on deeper, connected rock formations. Recent elevated rates of fluid deposited in the Arbuckle have been associated with, and the likely catalyst for, the significant increase in seismicity in south-central Kansas since 2013. Additionally, if static fluid levels in the Arbuckle continue to rise, there is potential for them to exceed the basal depth of shallow aquifers in some critical areas in just a few years. Unanticipated or unknown hydrologic conduits could thus threaten these aquifers. The goal of the Arbuckle Study Group is to increase understanding of the storage capabilities of the Arbuckle and impacts of disposal activities, providing critical information to ensure that the resource is managed properly, the usable life of the Arbuckle is extended, and undesirable impacts are minimized.

Program Activities

The Kansas Water Office (KWO) was directed to facilitate a stakeholder group focused on initiating a study of the Arbuckle formation. This group has worked towards consensus regarding a study plan that addresses fundamental data needs to characterize the storage capabilities of the Arbuckle, emphasizing south-central Kansas as the primary study area. As part of that effort, the Kansas Geological Survey (KGS) began a preliminary study in 2021, “Preproposal for Study of Regional Arbuckle Properties in South Central Kansas; Now and Planning for the Future,” to determine the accuracy and functionality of various measurement techniques for a future Arbuckle monitoring network by collecting static fluid level (SFL), density, and bottom-hole pressure (BHP) measurements at disposal wells that could be part of a longer-term, expanded monitoring network. Issues related to securing access to Class II wells suitable for data collection caused delays from the original timeline, but the KGS completed the feasibility study and has continued to work on expansion of the monitoring network.

Recent Accomplishments

The feasibility study report, *Study to Establish a Measurement Protocol for Accurately Estimating Regional Arbuckle Properties in South-Central Kansas*, was completed by the KGS and will soon be published as a KGS open-file report. Efforts are underway to identify and measure additional wells, including plans to drill two new monitoring wells on public property that will fill critical data gaps. The study has begun moving from development of data collection methodology into fuller data acquisition and analysis.

Proposed Activities

- Install two new monitoring wells in locations of maximum informational value that fill critical data gaps.
- Continue pursuing data collection (SFL, BHP, and density) in additional Class II wells identified as suitable candidates to provide reliable extrapolations between sample points and resolution on contour intervals.
- Revisit previously measured wells, as possible and necessary, to update SFL, BHP, and density datasets.
- Analyze data from measurements made in Class I and Class II wells to identify wells best suited to include in an Arbuckle well network for long-term sampling and monitoring.

Water Planning and Implementation Research & Education

Arbuckle Study cont.

Program Budget

Expenditures	FY2025 Approved	FY2025 Adjusted w/cf	FY2026 Research & Education Allocation
Contractual	\$300,000	\$660,000	\$300,000
Total Expenditures	\$300,000	\$660,000	\$300,000

Water Planning and Implementation Resiliency

Conservation Assistance for Water Users

Program Objectives

- Provide funding for the Technical Assistance to Water Users program, which provides on-site technical assistance to municipalities (cities and rural water districts). The intent of the program is to improve the operations and maintenance of public water supply systems (PWS), as well as water conservation planning and emergency response, through on-site assistance.
- Provide funding support for development of a municipal water conservation incentive pilot program.

Per K.S.A 82a-2101, not less than 15% of the Clean Drinking Water Fee shall be used for technical assistance to water users to aid such systems in conforming to responsible management practices and complying with regulations of the United States Environmental Protection Agency (EPA) and rules and regulations of the Kansas Department of Health and Environment (KDHE).

Program Activities

The Kansas Water Office (KWO) is charged by statute to provide technical assistance for water users required to adopt and implement conservation plans and practices (K.S.A. 82a-733 et seq.). On-site technical assistance is provided by contract with the Kansas Rural Water Association (KRWA). Assistance is available to PWS personnel on operations, maintenance, finance, management, regulatory requirements, water quality and public health concerns and/or other critical issues. Assistance is prioritized based on severity of the problem and as time and resources permit. All technical assistance activities are logged and reimbursed on a time and expenses basis. Funding from this program would support establishment of a municipal water conservation incentive pilot program to help promote and expand municipal water conservation efforts across Kansas.

Program Budget

Expenditures	FY2025 Approved	FY2025 Adjusted w/cf	FY2026 Resiliency Allocation
Contractual	\$500,000	\$614,939	\$500,000
Total Expenditures	\$500,000	\$614,939	\$500,000

Public Water Supply Program

The Kansas Water Office (KWO) administers certain water supply programs to ensure an adequate supply of water for Kansans receiving water from state owned storage in federal and state reservoirs. These programs include: The Water Marketing Program, the Water Assurance Program, Lower Smoky Hill Access District and the public water supply component of the Multipurpose Small Lakes Program. In addition, State Water Plan Funds are used to pay for operation and maintenance (O&M) of water supply storage purchased from the U.S. Army Corps of Engineers for which there is no active user.

KWO has developed the Public Water Supply Program Comprehensive Capital Development (CCDP) Plan in order to account for all revenue and expenses related to the State's public water supply storage. The 2017 CCDP was approved in May 2017 by the Kansas Water Authority. The KWO is currently in the process of updating this plan. The plan identifies short-term and long-term needs associated with state-owned storage supply, outlines a debt pay down schedule, and identifies high priority Reservoir Protection and Restoration Projects. The CCDP is included in its entirety as part of the Budget Submission in order to provide additional detail regarding the Public Water Supply Program.

Responsibilities of a fulltime Chief of Hydrology, and environmental scientists currently provide direct support for the public water supply program. These six positions are 100% funded by the Public Water Supply program (62200) and provide the technical, operational, and contract management functions of the Water Marketing, Water Assurance, and Access District programs. In addition, the Director, Assistant Director, Chief Fiscal Officer, and five administrative staff also provide agency support to operate and administer the public water supply programs for a total of 10 FTE's and 1 Non-FTE which are funded by the Water Marketing fund.

SALARIES AND WAGES: A total of 10 FTE positions, 1 Non-FTE position are budgeted to be funded by the PWS - Water Marketing Program.

Current Year FY2025: \$1,135,584 - Salaries for 10 FTE positions, 1 non-FTE position, and increased benefit costs are included in the FY2025 budget.

Budget Year FY2026: \$1,144,647 - Salaries for 10 FTE positions, 1 non-FTE position, and increased benefit costs are included in the FY2026 budget.

CONTRACTUAL SERVICES: Total contractual expenditures in the Water Marketing, Water Assurance and Lower Smoky Hill Water Supply Access programs include a portion of basic agency operations such as communications, rent, travel, information technology and printing, as well as contractual services to cover the costs for operation and maintenance, protection and restoration of water storage space purchased in federal lakes from the U.S. Army Corps of Engineers.

Current Year FY2025: \$8,549,824 - This amount includes the costs for operation and maintenance, protection and restoration of water storage space purchased in federal lakes from the U.S. Army Corps of Engineers.

Budget Year FY2026: \$8,781,805 - This amount includes the costs for operation and maintenance, protection and restoration of water storage space purchased in federal lakes from the U.S. Army Corps of Engineers.

Public Water Supply Program

ACCOUNT CODES 530000-539999 COMMODITIES: Total commodities expenditures in Water Marketing include office supplies and fuel for state and rental vehicles.

Current Year FY2025: \$4,300 - Operating expenses associated with office supplies and fuel.

Budget Year FY2026: \$7,000 - Operating expenses associated with office supplies and fuel.

ACCOUNT CODES 540000-549999 – CAPITAL OUTLAY: Total capital outlay expenditures in Water Marketing include network software with a portion of ARCGIS/ESRI, data storage back-up, office/computer related materials.

Current Year FY2025: \$5,800 - Operating expenses associated with software and computer related materials.

Budget Year FY2026: \$6,800 - Operating expenses associated with software and computer related materials.

ACCOUNT CODES 560000 – DEBT SERVICE

Current Year FY2025: \$0

Budget Year FY2026: \$0



Public Water Supply Program Comprehensive Capital Development Plan 2017



**Approved by the Kansas Water Authority
May 18, 2017**

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EXECUTIVE SUMMARY

The Kansas Water Office (KWO) operates the Kansas Water Marketing and Water Assurance programs as part of its Public Water Supply Program. Pursuant to K.S.A. 82a-1308, the KWO has continued to update and publish the *Water Marketing Capital Development and Storage Maintenance Plan*. The purpose of this plan is to provide for the long-term planning of future Water Marketing Program needs, including acquisition of all the water supply storage under federal contracts, potential new storage development and protection and restoration of the storage owned by the State. Since 2017, this plan has only included the revenues and expenditures of the marketing program.

KWO has developed the Public Water Supply Program Comprehensive Capital Development (CCDP) Plan in order to account for all revenue and expenses related to the State's public water supply storage. The CCDP interconnects additional funding sources related to state-owned public water supply (PWS) storage, including the Water Assurance Program and State Water Plan funds specifically tied to PWS storage, as included herein. The CCDP also includes a detailed breakdown of the specific funding sources and amounts currently tied to each separate Kansas federal reservoir.

As part the Reservoir Roadmap completed in 2010 by the KWO, the 2014 State Water Plan, as well as the Vision for the Future of Water Supply in Kansas, the development of long-term plans for securing, protecting, and restoring Kansas water supplies into the future was highlighted as a major need in Kansas. The specific challenges to managing reservoir water supplies include protecting the reservoir storage by decreasing sedimentation, restoring storage lost to sedimentation at key reservoirs, and identifying a method to pay for unfunded storage and operation and maintenance costs.

The 2013 *Water Marketing Capital Development and Storage Maintenance Plan* for the first time included recommendations for expenditures related to reservoir restoration at John Redmond Reservoir. As the reservoirs containing state-owned storage supply continue to age, the need to identify specific projects and funding for reservoir protection and restoration projects continues to grow. The primary purpose of the CCDP is to serve as an enhanced planning tool to identify specific sources of revenue for Reservoir Protection and Restoration (P&R) activities. Potential benefits for these activities extend beyond the water marketing program users, and thus, the CCDP helps to identify additional sources of funding for P&R project implementation.

An additional purpose of the CCDP is to promote project planning and communication of funding needs for projects that will have the greatest benefit to the PWS program. The CCDP includes a shorter-term plan to utilize projected program revenues for identified high priority P&R projects. The KWO is currently working to develop a "Master Plan" that will include additional detail related to the P&R activities planned under the CCDP based on the specific funding amounts and prioritized projects.

SECTION 1 - OVERVIEW

The Public Water Supply Program Comprehensive Capital Development (CCDP) Plan includes all funding sources and expenditures related to the acquisition, operation, maintenance, protection and restoration of the state-owned surface water supply storage. Kansas has contracts with the Corps for purchase of water supply storage in fourteen (14) reservoirs; twelve (12) of those have storage currently committed to, and being paid for by, the customers of the Water Marketing Program, eight (8) of the reservoirs have storage that has been sold to Assurance Districts for district members, and five (5) of the reservoirs have Future Use storage that has been purchased by the State, but has not yet been called into service.

The table below includes the breakdown by reservoir of the Water Supply Storage. The storage amounts in the table, in acre-feet, are based on those included in KWO's "*Surplus Water Available in Water Marketing Program Lakes Calendar Year 2017*", and take into account annual sedimentation rate at each reservoir.

	Water Supply Storage (2017)					
	Water Quality/Other	Water Marketing	Water Assurance	Access District	Reserve Capacity	Future Use
Big Hill		8,074				14,479
Clinton	22,341	56,433				37,583
Council Grove	9,591	18,374	6,262		8,081	
Elk City	4,955	20,219			10,020	
Hillsdale	16,794	18,791				40,543
John Redmond	15,054	43,646	4,500			
Kanopolis	23,782	10,448		10,305		
Marion	28,616	36,503	343		14,292	
Melvern	97,413	14,719	10,660		25,884	
Milford		56,974	67,160			242,260
Perry			32,030			160,113
Pomona	13,779	801	12,457		25,679	
Toronto		400				
Tuttle Creek	135,698		77,919		16,301	
Total	368,023	285,382	211,331	10,305	100,257	494,978

Reservoir Storage Pools

As noted in the table above, each of the water supply reservoirs are separated into different components, or pools, based on the designated use of the storage. Definitions of each of the storage pool designations are included herein. Also, as an example, the chart on the following page has been included to indicate the current percentage breakdown of the storage pools in Council Grove Lake.

Water Quality/Other

The Water Quality pool is utilized to make established minimum releases intended to maintain flow in the stream below the lake. The Corps retains ownership of this storage. The Other pool includes storage that has been contracted by the Corps to a local water supplier and storage that has, like the Water Quality pool, been retained by the Corps. Since the State does not own either of these pools, for the purposes of the CCDP, these two pools are grouped together herein.

Water Marketing

This storage pool is owned by the State through contract with the Corps, and is utilized to serve the long-term needs of municipal and industrial users who have marketing contracts with KWO.

Water Assurance

This storage pool has been purchased from the State by an assurance district to provide district members (municipal and industrial water right holders on mainstem rivers below federal reservoirs) with an assurance of a water supply during times of low natural flow. Releases are made by the Corps as prescribed in operations agreements with KWO and each assurance district.

Access District

This storage pool has been purchased by the Access District in accordance with the purchase contract between the KWO and the Access District. The water supply storage purchased by the Access District can supplement downstream flows to provide the ability for Access District members to make use of their reasonable and justified authorized quantities under their water rights through drought conditions.

Reserve Capacity

The Reserve Capacity pool is storage within the water supply pool that has been purchased and called into service by the State, but is not contracted to marketing or assurance customers.

Future Use

Future Use storage is considered storage that is not currently in service. Some of the water supply contracts between the Corps and the KWO allow the State to defer payments on the storage until the storage is needed. The Corps retains ownership of Future Use storage until the State calls it into service. As shown in the table on Page 4, there are currently five (5) reservoirs containing Future Use storage.

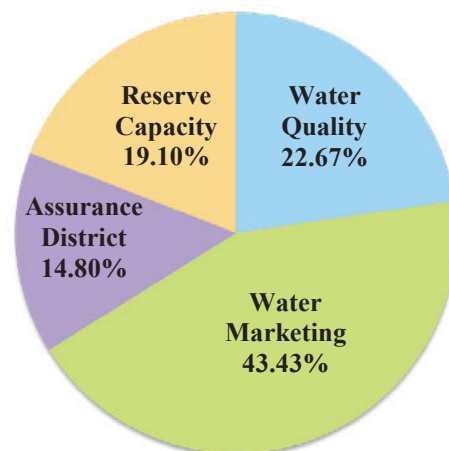


Figure 1. Reservoir Storage Pool Breakdown for Council Grove Lake

FUNDING SOURCES

The CCDP interconnects all funding sources related to state-owned public water supply storage. For the purposes of this plan, the following funding sources are represented as part of the comprehensive plan and are further described herein: State Water Plan Fund, Water Marketing Fund, Water Assurance Fund, and Access District Fund.

State Water Plan Fund

The State Water Plan Fund (SWPF) was created by the 1989 Legislature to provide a permanent, dedicated and stable source of funding for water-related programs and projects identified in the Kansas Water Plan. The statutory authorization for the SWPF is K.S.A. 82a-951, and actual allocations of funds are made by the Legislature on an annual basis. The fund includes a mix of fees, State General Fund (SGF) and demand transfers provided annually to finance projects and programs to implement the State Water Plan. Beginning in 2006, an annual transfer from the SGF in the amount of \$6,000,000 was made to the SWPF for water-related projects, along with an additional transfer of \$2,000,000 from the Economic Development Initiatives Fund (EDIF). These transfers to the SWPF have not been made in full since 2008.

A number of water-related agencies receive funding from the SWPF. Requests for funding from the SWPF are made by agencies through the budget process and are coordinated by the Kansas Water Office. These requests are reviewed by the Kansas Water Authority, which recommends funding levels to the Governor and the Legislature.

Water Marketing Fund

The Water Marketing Fund receives money from revenue collected on water supplied under contracts with public water suppliers and industries from state-owned storage in federal reservoirs. Over half of the state's population is served directly or indirectly by Water Marketing contracts. The majority of the revenue is received in January and February of each year, and is used to pay the Corps of Engineers for the principal and interest costs associated with storage construction and operation and maintenance costs of the reservoirs. The majority of the expenditures are paid in September and October of each year.

A portion of the Water Marketing fund is also utilized to pay the costs associated with the State's administration and enforcement of the program. In addition, funds are transferred into the Water Marketing Fund from the Water Assurance Fund and the Access District Fund to cover the associated portion of the administrative costs, as described herein.

Water Assurance Fund

The Water Assurance Fund receives money from three water assurance districts. The purpose of the Water Assurance Program is to allow for coordinated operation of water storage space in federal reservoirs to satisfy downstream municipal and industrial water rights during drought conditions. Water right holders are therefore assured to receive enhanced flow during times of drought while the state operates the reservoirs in a basin as a system for increased efficiency in water delivery.

The districts are charged for the costs incurred by the State for both principal and interest associated with storage construction and operation and maintenance of the storage dedicated to the use of the districts. Payments from the assurance districts are passed through to the Corps of Engineers for principal and interest and operation and maintenance costs. In addition, the districts are charged for the cost to administer and enforce the program. These funds are transferred to the Water Marketing Fund to cover a portion of the cost of positions funded by the Water Marketing Fund. A small amount is also transferred to the SGF to repay Kansas Department of Agriculture for the Division of Water Resource's costs to assist with the program's administration.

Access District Fund

The Access District Fund receives money from the Lower Smoky Hill Water Supply Access District. In 2011, legislation was passed for the Lower Smoky Hill Water Supply Access Program (K.S.A 82a-2301 et seq., as amended), which was a step toward drought contingency for surface water users below Kanopolis Reservoir. The legislation allowed surface water right holders below Kanopolis Reservoir and the City of Salina to voluntarily join together to obtain storage in the lake to cover the desired portion of their authorized water right quantities.

In 2016, the Lower Smoky Hill Water Supply Access District was formed, and the Access District purchased a portion of the water supply pool from Kanopolis Reservoir through a lump sum payment to the State in accordance with the purchase contract between the KWO and the Access District. The water supply storage in Kanopolis purchased by the Access District can be utilized to supplement the Smoky Hill River streamflow to

provide the ability for Access District members to make use of their reasonable and justified authorized quantities under their water rights through drought conditions.

The Access District is charged for the cost incurred by the State for operation and maintenance of the portion of storage dedicated to the use of the district. Payments from the Access District are passed through to the Corps of Engineers for operation and maintenance costs. In addition, the Access District is charged for the cost to administer and enforce the program. These funds are transferred to the Water Marketing Fund to cover a portion of the cost of positions funded by the Water Marketing Fund.

PUBLIC WATER SUPPLY PROGRAM BUDGET OVERVIEW SUMMARY

To date, the KWO has developed and published the *Water Marketing Program Capital Development & Storage Maintenance Plan* which has provided for the long-term planning of future Program needs, including acquisition of all the water supply storage under federal contracts, potential new storage development and protection and restoration of the storage owned by the State. The purpose of this document is to replace the existing *Water Marketing Program Capital Development & Storage Maintenance Plan* by expanding the previously published plan to include all funding sources related to PWS storage acquisition, maintenance and protection.

The “Public Water Supply Program Comprehensive Capital Development Plan Budget Overview” is included as Appendix A of this plan. This document indicates the budgeted and projected revenues and expenditures for all funding sources related to the PWS program, as described in Section 1 of this plan. Sections 2 and 3 of this plan provide additional detail with regard to the revenues and expenses included in the Budget Overview. Other components included as part of the overview are described below.

“Marketing Revenue for Master Plan” – The amounts of this funding shown each year are planned to be utilized for paying down existing debt related to state-owned storage (Debt Paydown Funding) and for funding protection and restoration (P&R) projects (Protection & Restoration Funding). The funds are generated from water sales associated with marketing contracts, as well as a portion of Operational Reserve funds transferred from the previous year.

“Master Plan PWS Capital Fund” – Included at the bottom of the Budget Overview is a list of the planned P&R projects listed by associated funding source. These amounts depend on budgeted funds from all programs that are planned for the implementation of PWS capital projects, and vary in size, cost, and type. The projects planned for the current budget year are shown on the right-hand side of the page as “Master Plan PWS Projects”.

The KWO is currently working to develop a “Master Plan” that will include additional detail regarding the P&R activities planned under the CCDP. The P&R projects referenced in the Budget Overview will be based on detail provided in the Master Plan. Examples of P&R projects include streambank stabilization projects and best management practices (BMPs) to reduce sedimentation and improve water quality of the PWS storage at state-owned reservoirs. Section 6 of this plan includes a list of the P&R projects planned to be implemented as part of the PWS Capital Fund.

“Long Term Model Projection Assumptions” – Listed in the upper right-hand corner of the Budget Overview are the assumptions that have been included in the development of the CCDP. The assumptions are related to the following major components:

- Assumptions for Water Use Projections – A list of assumptions regarding future water use projections associated with the existing water marketing contracts that were utilized in the development of the current CCDP.

- Assumptions for Call-In Storage and Bonding – As part of the long-term planning related to debt service and future use storage, a call-in schedule has been developed and is included as a table on the Budget Overview page. The assumptions regarding bonding terms for the final calls for the associated future use storage are listed, as included in the development of the CCDP.
- Future Additions to Long-Term Plan – This list includes items for continued development as part of longer-term planning (beyond the projections included in Budget Overview). Included in the current list are the Future Use Storage call-ins for Milford and Perry reservoirs, which are not included in the current projections within the marketing program. KWO is continuing to develop a long-term strategy for this unfunded liability, which is discussed further in Section 7 of this plan.

“Future Use Storage – Call-In Schedule” – This table indicates the call-in schedule for the Future Use Storage associated with the reservoirs listed. The table includes the call year, the incremental acre-feet (AF) of future use storage associated with the specific call, and the percent of storage in service. The schedule is part of the assumptions built into the long-term CCDP.

“Budgeted Debt Paydown (Projected)” – This table indicates the planned debt paydown by year that has been incorporated into the current CCDP. The planned debt paydown is indicated by reservoir, and refers to the debt payoff associated with the existing purchase contracts for storage. The storage purchase contracts for reservoirs in which there is future use storage are further indicated as either the original contract amount (not including Future Use Storage purchase), or a number to indicate paying off the debt associated with an incremental call-in of future use storage. The debt paydown schedule is projected based on the CCDP, and depends on the amount of marketing revenue available from the previous year of water sales. For planning purposes, the debt paydown schedule shown on the Budget Overview sheet has been utilized for the development of the water marketing program variable rate schedule as shown.

“Water Marketing Program Variable Rate” – This chart indicates the projected marketing variable rate based on the current CCDP. By statute, the Kansas Water Authority approves the variable rate for marketing contracts on an annual basis. The Budget Overview sheet will be updated annually based on the approved variable rate for the current calendar year.

“2018 Revenue Requirements All Programs (Projected)” – The pie chart on the Budget Overview sheet indicates the total amount of revenue provided by all programs as included in the CCDP for the indicated year. The chart breaks down the revenue requirements into the following categories: Total Principal & Interest (P&I), Total Operation & Maintenance (O&M), Administration & Enforcement (A&E), Total Protection & Restoration (P&R), and Debt Paydown.

SECTION 2 – EXPENDITURES

The tables in Appendix B summarize the expenses of all of the principal and interest payments and operation and maintenance costs which are paid to the Corps of Engineers annually. The administration and enforcement costs to the Programs are those incurred by the Kansas Water Office (KWO) and the Division of Water Resources, Department of Agriculture. The table also includes a summary of the budgeted and projected expenses for reservoir protection and restoration projects planned to be funded by all programs.

Principal and Interest to Corps

The State is obligated to fully pay the capital costs of the water supply storage assigned to the all of the PWS Programs – including the Water Marketing, Water Assurance, and Access District programs. The contracts

with the federal government typically give the State 50 years to pay the costs associated with the purchase of all of the contracted storage. Amortization schedules are included in each contract.

In five reservoirs, (Big Hill, Clinton, Hillsdale, Milford and Perry) the state has been able to delay payment until additional storage is needed and the storage is called into service. An immediate payment is made on the principal and interest; the operation and maintenance costs would be incurred in the following year. This storage that is not in service is referred to as Future Use storage.

The Principal and Interest (P&I) costs paid by each program are associated with the amount of water supply storage in each reservoir designated to each program by contract. The CCDP spreadsheet model includes a separate tab for each reservoir, which includes the percentage breakdown of the designated storage pools. Each tab includes the amount of P&I paid by the associated PWS program.

Operation and Maintenance

The Water Marketing Program, Assurance Program and Access District Program pay the annual operation, maintenance and repair costs incurred by the Corps of Engineers for that portion of the storage space designated to each program. In addition to these three programs, State Water Plan funds are utilized to pay the annual operation and maintenance costs associated with the portion of the state-owned storage in Reserve Capacity. The operation and maintenance costs vary from year to year and by reservoir. The CCDP is updated annually to include current cost estimates for O&M submitted to the KWO by the Corps. In past years, actual billings have been very close to the estimates. Operation and maintenance costs by reservoir are shown in Table 6.

Administration and Enforcement

The Water Marketing Program pays for administration and enforcement costs to the state to operate and administer the Program. The Assurance District Program (directly through the Marketing Fund) and Access District Program also pay a small portion of administration and enforcement costs as shown in Table 1. Costs have increased in the last few years due to salaries and wages for employees being shifted from the State General Fund to the Water Marketing Fund as well as an increase in KWO operating expenses. Annual expenses are shown in Table 1.

Reservoir Restoration and Protection

A major component of the PWS Comprehensive Capital Development Plan is the budgeting and planning for projects that will restore and protect the water supply storage in the state-owned reservoirs. Sediment deposition reduces the water supply yield from a reservoir. As part of the 50-year Vision for the Future of Water in Kansas, PWS capital projects, such as streambank stabilization projects above the reservoirs, were identified as a need in order to meet long-term water public water supply needs in Kansas. The storage that the state owns in these reservoirs is considered an asset, and management of these assets includes maintenance of the storage to ensure long-term viability.

As indicated in Table 1, the Water Marketing Fund and State Water Plan fund will continue to pay for the John Redmond Bond for the next several years. This bond was utilized to pay for the costs of reservoir restoration at John Redmond. Additional P&R projects will be identified for funding through the Master Plan.

SECTION 3 - REVENUE

Revenue for the PWS Program comes from water sales, reimbursement for administration and enforcement expenses from the Water Assurance Program and the Access District Program, and occasional use of funds from specific use accounts.

Projected Annual Water Marketing Program Water Use (Table 3)

Projected annual water marketing program revenue is dependent upon the quantity of water projected to be billed to water marketing customers into the future. The estimated billable quantities are based on water paid for historically by each customer, including increases in water paid for due to graduated use schedule increases, projected into the future using a linear equation.

In projecting future years, the increase in the variable rate quantities and the decrease in capped rate quantities are based on the assumption that when the term of the capped rate contracts end, the contracts will be renewed as variable rate contracts with the same quantity as the capped rate contracts. The exception to this is the Westar contract at Milford for Jeffrey Energy Center which expires in 2022. This plan projects this contract will not be renewed.

Additional assumptions with regard to water use projections are listed on the Budget Overview sheet, and are made a part of this CCDP as follows:

- The existing capped rate contracts for Douglas County RWD #4 and Douglas County RWD #5 end in 2019, and are assumed not to be renewed.
- The Wolf Creek marketing contract ending in 2017 will be renewed as a variable rate contract with the same quantity as the current capped rate contract.

Revenue from Capped Contract Water Sales

Initial Water Marketing Program legislation (1974) established a maximum rate for a contract at \$0.10 per 1,000 gallons of raw water. All contracts prior to March 17, 1983 are capped at the \$0.10 per 1,000 gallon rate. Projected (2017 - 2023) annual revenue from the capped rate contracts is based on the estimated billable quantity in Table 3 multiplied by \$0.10/1,000 gallons. Between 2018 and 2023, this revenue line decreases as the capped rate contracts expire.

Revenue from Variable Rate Contract Water Sales

The rate for water paid for under a variable rate contract is set using the factors prescribed by K.S.A. 82a-1308a. Projected annual revenue from the variable rate contracts is based on the estimated billable quantity in Table 3 multiplied by the approved marketing variable rate. The variable rate is subject to annual review and approval.

Revenue from Administration and Enforcement

The Water Marketing Fund pays the expenses associated with administration (salary and operations) of the Assurance Program, as well as the Marketing Program. The Water Marketing Program is reimbursed for administration and enforcement costs incurred by the Water Assurance Program, which is included as "Assurance A&E Transfer" in Table 2.

Revenue from Operational Reserve Transfer

As shown in the Budget Overview table, this CCDP proposes to utilize the existing Operational Reserve account to transfer excess funds generated from the previous year's water sales associated with marketing contracts. The amount transferred is available to be utilized for program expenses. The projected annual Operation Reserve amounts are shown in Table 2.

Revenue from State Water Plan Fund

Table 2 includes the revenue provided by the State Water Plan (SWP) fund for PWS program needs. As mentioned in the previous section, the State Water Plan Fund is utilized to pay the operation and maintenance costs from the Corps that is charged to the Marketing Program for the portion of storage designated as Reserve Capacity. In addition, State Water Plan funds are utilized for reservoir protection and restoration projects. The goal of these projects is to continue monitoring and assessment work necessary to maintain water supply storage, as well as the planning and implementation of projects that will serve to restore and protect the storage. As shown in the Budget Overview, State Water Plan funds were budgeted in 2017 for the following projects tied to reservoir P&R:

John Redmond Bond Payment – In 2014, the Legislature approved a \$20 million plan to dredge John Redmond. The dredging portion of the project was completed in 2016, restoring a portion of the reservoir water supply storage pool. The cost for the project was bonded and State Water Plan funds have been dedicated to support approximately 75% of the annual bond payment, with the Water Marketing Program paying the remaining 25%. The State Water Plan funds utilized for this payment are shown as revenue in the Budget Overview and Table 1 in Appendix B.

Tuttle Streambank Stabilization Projects – In 2016 and 2017, a portion of State Water Plan funds (\$400,000 each year) were allocated to fund streambank stabilization projects above Tuttle Creek Lake in an effort to reduce sediment entering the lake from highly eroding streambank sites above the reservoir. At this time, no additional funding is projected for this project from the SWP; however, as part of the Vision implementation plan, efforts to obtain additional funding for this project are on-going.

On-Going Statewide Monitoring & Assessment – The budgeted amounts from the State Water Plan are shown in the Budget Overview for this ongoing monitoring and assessment work related to the water supply storage in state-owned reservoirs. This includes support for LiDAR development/enhancement, streamgaging, sediment monitoring studies, and funding for bathymetric surveys.

John Redmond Bathymetric & Sediment Monitoring – The budgeted amounts for bathymetric survey information/analysis and sediment monitoring studies at and above John Redmond are shown for 2017 – 2019.

Revenue from Water Assurance Fund

Table 2 includes the revenue provided by the Water Assurance program for PWS program needs. The State is obligated to fully pay the capital costs of the water supply storage assigned to the all of the PWS Programs – including the Water Marketing, Water Assurance, and Access District programs. The portion of principal and interest and operation and maintenance payments made by the Water Assurance Program are represented in Table 2 as PWS program revenue.

Revenue from Access District

Table 2 includes the revenue provided by the Access District for PWS program needs. In accordance with the agreement between KWO and the Access District, the Access District provides payment for a portion of the annual principal and interest and operation and maintenance costs associated with the purchased storage in Kanopolis Lake. The agreement set the annual principal and interest payments at a fixed amount of \$43,724 for 20 years, beginning in 2017.

The Access District is also obligated to pay the portion of operation and maintenance costs passed on to KWO from the Corps for the portion of purchased storage in Kanopolis. These payments begin in 2018.

The Access District also makes an annual payment to KWO for program administration and enforcement. The agreement set the beginning A&E payment of \$15,000, with a 4% annual increase.

The amount of revenue shown for the Access District in 2017 reflects the lump sum payment in the amount of \$2,477,067 made by the Lower Smoky Hill River Access District, plus the principal and interest and first payment of \$15,000 for A&E costs.

SECTION 4 – FUTURE USE STORAGE

Future Use storage is considered storage that is not currently in service. Some of the water supply contracts between the Corps and the KWO allow the State to defer payments on the storage until the storage is needed. The Corps retains ownership of Future Use storage until the State calls that storage into service. As shown on the table in Section 1, there is currently future use storage in Big Hill, Clinton, Hillsdale, Milford and Perry Lakes.

The future use storage in Big Hill, Milford and Perry Lakes has not been called into service because no anticipated additional marketing customers have been identified. Of these three lakes, only Milford Lake supports an existing marketing customer, which is Westar's Jeffrey plant. This marketing contract ends in 2022, and is not anticipated to be renewed. For Big Hill and Perry reservoirs, the Water Marketing Program is not paying the Corps of Engineers capital cost or operation and maintenance costs nor is the storage committed to users of the Water Marketing Program. However, the State is committed by contract with the Corps of Engineers to purchase this storage within 50 years of the first use of the reservoir, or to renegotiate contracts. This storage was identified in an independent program review as an unfunded liability to the Water Marketing Program. Interest continues to accrue against the capital costs prior to calling it into service.

Future Use Storage – Call Schedule

The 2014 *Water Marketing Program Capital Development & Storage Maintenance Plan* included a schedule to call all of the remaining future use storage in Clinton, Hillsdale and Big Hill reservoirs into service by the end of their respective contract terms. The costs associated with calling in future use storage in these reservoirs will be paid by the Water Marketing Program. The schedule leaves a significant increment, hence a significant ending payment for Hillsdale Reservoir (2031), Clinton Reservoir (2027) and Big Hill (2029). The long-term model utilized for the CCDP includes the assumption that the payment for the final future use calls for these three reservoirs will be bonded in order to prevent a spike in the required marketing program variable rate. A 20 year payoff would lessen the impact of those final increment calls and allow payoff during a period when more customers will be paying the variable rate. As stated on the Budget Overview, the bonds are assumed to be financed over a 20-year period at 5% interest.

As part of the development of this CCDP, KWO evaluated the 2014 call schedule. The intent was to evaluate the long-term stability of the marketing program to fund the future use storage calls, and to determine whether modifications to the current call schedule would alleviate the long-term debt service to the program. This plan proposes a modified call schedule as follows, which includes two changes to the previous call schedule (highlighted in yellow).

Future Use Storage – Proposed Call Schedule

Calendar Year	BIG HILL RESERVOIR			CLINTON RESERVOIR			HILLSDALE RESERVOIR			MILFORD RESERVOIR			PERRY RESERVOIR		
	AF Call	Total AF	% in Service	AF Call	Total AF	% in Service	AF Call	Total AF	% in Service	AF Call	Total AF	% in Service	AF Call	Total AF	% in Service
2010		9,200	35.80		53,520	60.00		13,250	25.00		101,650	33.88		25,000	16.67
2014							3,533	16,783	31.67						
2020				8,900	62,420	70.00	3,533	20,316	38.33						
2024	7,200	16,400	63.81												
2025							10,000	30,316	57.20						
2027				26,780	89,200	100.00									
2029	9,300	25,700	100.00												
2030							22,684	53,000	100.00						
2034										198,350	300,000	100.00			
2041													125,000	150,000	100.00

The first proposed modification is to the call schedule for Hillsdale Lake. The previous schedule included calling in 3,534 AF of future use storage in 2025. This plan proposes calling in an additional 6,466 AF of future use storage in 2025, for a total of 10,000 for that incremental call. This modification saves the State significant principal and interest costs associated with bonding the final call, and provides more stability for the marketing program (see Marketing Rate section).

The second proposed modification includes the addition of an incremental call of 7,200 AF of future use storage in Big Hill in 2024. As with the Hillsdale call schedule modification, this incremental call will provide significant savings to the marketing program in principal and interest costs associated with the final call and benefits the marketing program variable rate structure after the final call year.

Unfunded Liability - Perry and Milford Reservoirs Future Use Storage

As discussed above, this plan includes a schedule to call all of the remaining future use storage in Clinton, Hillsdale and Big Hill reservoirs into service by the end of their respective contract terms. Perry and Milford reservoirs provide important support to the Kansas River system; as such, it is anticipated that a portion of the future use storage would be acquired and dedicated to the use of the Kansas River Water Assurance District (KRWAD).

Based on projected future water supply use needs of the KRWAD, additional assurance storage will not be needed before the required future use storage calls for Milford (2034) and Perry (2041). After the Jeffrey (Westar) contract ends in 2022, no water marketing customers are anticipated to be served by the marketing storage in Milford Lake at this time. This creates a time gap between the call in of future use storage in Milford and Perry and the need for the associated storage. The KWO is continuing the development of a strategy to fund the future use storage calls at Milford and Perry. The development of a plan for this unfunded liability will be incorporated into future updates of this CCDP (see Section 7 Future Additions to Plan).

SECTION 5 – WATER MARKETING RATE

The purpose of the Water Marketing rate as established in 1983, and continuing today, is to insure that the revenue into the Program is adequate to meet the expected expenses of the Program. Those expenses include annual payments for principal and interest on storage under federal contract, operation and maintenance cost for that storage and the State's administration and enforcement costs associated with operating the Program (as included in Section 2 of this plan).

The Water Marketing Program operates on a cash basis, with a variable rate set each year that is adequate to meet the expected expenses. Currently, seventy five percent of water paid for under the Water Marketing Program is by customers with contracts that predate the 1983 establishment of the current variable rate structure, such that their rate is capped at \$0.10; revenue collected from those contracts makes up over half of the Program total revenue.

The variable rate under which the remaining 25% of water paid for is set using the factors shown in the text box below. The fifth component, “an amount necessary to meet the needs of the *Water Marketing Program Capital Development and Storage Maintenance Plan* as approved by the Kansas Water Authority”, is the most significant factor to ensure sufficient revenue is available to meet the needs of the Program.

The *Capital Development and Storage Maintenance Plan* was established as a way to look at the total needs of the Program and to determine the appropriate variable rate under the Water Marketing Program. (See text box, this page). The Water Marketing rate for calendar year 2018 is \$0.392.

K.S.A. 82a-1308a sets forth the procedure for the annual establishment of the rate to be charged for water under the Water Marketing Program. The annual rate is based upon computation of five components described in the law, as follows:

1. An amount necessary to repay the amortized capital costs associated with the state's conservation water supply capacity. (capital cost component)
2. An amount as interest on money advanced from the State General Fund for the Water Marketing Program to initially acquire storage space. (interest component)
3. Administration and enforcement expenses. (A&E component)
4. Operation, maintenance, and repair costs. (O&M component)
5. An amount necessary to meet the needs of the program as shown in the *Water Marketing Program Capital Development and Storage Maintenance Plan* approved by the Kansas Water Authority. (depreciation reserve component)

K.S.A. 82a-1315b(b) provides for the Kansas Water Authority to approve the rate by July 15th of each year. The rate established becomes effective January 1 of the following year.

PROGRAM FUNDING NEEDS

The CCDP model includes a comparison of annual projected Program expenses to the anticipated annual revenue in order to determine the required variable rate necessary to meet the needs of the program. This information determines the variable rate.

The formulas of the first four rate components, as provided in Kansas Administrative Regulations (K.A.R.) 98-5-5, assumes all customers pay the same rate. Only contracts signed after July 1, 1983 are true variable rate

contracts. The contracts signed before then are capped at \$0.10 per 1,000 gallons. As a result, the amount of revenue generated by the capital costs, A&E, and O&M rate components (1, 3 and 4 above) are insufficient to cover those costs. The deficit is being covered by the revenue generated by the depreciation reserve rate component (5 above). The depreciation reserve rate component was intended to generate funds to be placed in the conservation storage development fund to be used for future acquisition of storage.

Because of this situation, this *Water Marketing Program Capital Development and Storage Maintenance Plan* was developed to look at all expenses and all revenues to establish a variable rate that will allow the program to meet all expenses, acquire the funds to call the future use storage into service, and provide funding for reservoir protection and restoration projects.

Specific Use Accounts

Conservation Storage Fund Deposits

The State Conservation Storage Water Supply Fund was established as a savings fund for acquisition, development or maintenance of state owned public water supply storage. This Fund has a current balance of \$220,490. This Plan does not contain a deposit into, or expenditure from, the Conservation Storage Fund Account.

Operation and Maintenance Set-Aside Account

In 1991, an Operation and Maintenance (O & M) Set-Aside Account within the Water Marketing Fund was established. It enables the Program to pay for any unusually high O & M expenses without causing abnormally high spikes in the rate. Up to 1 cent per 1,000 gallons of revenue from purchasers may be credited to this account if there is any remaining revenue after expenses are met. This Plan does not contain a deposit into, or expenditure from, the O&M Set-Aside Account.

Operational Reserve

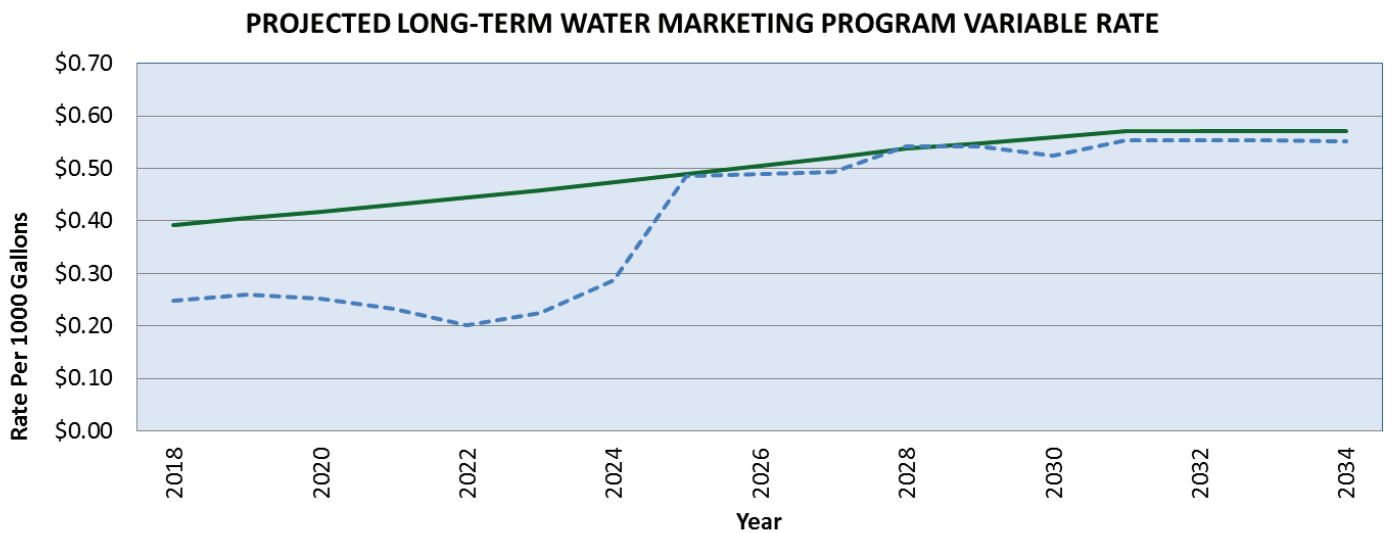
The Water Marketing Program operates on a cash basis. Each calendar year, major revenues are received in January and February and major expenditures occur in September and October. The monthly cash flow is an important operational consideration. An operational reserve accommodates the uncertainty of projecting water sales revenue. In previous Plans, the KWA approved the goal of developing and maintaining an operational reserve of \$500,000, an approximate 25% operating reserve. This plan proposes to utilize a portion of funds generated from the previous year's water sales associated with marketing contracts for Operational Reserve.

Variable Rate for Marketing Contracts

Prior to this updated plan, the Authority had sought to flatten out variations in the rate to be able to lend financial stability to both customers and the Program. A stepped increase in the variable rate was adopted by the KWA in conjunction with discussions on reservoir restoration. The previously approved flattened rate was projected to provide adequate revenue to cover program expenses and provide funding for protection and restoration projects.

The development of this CCDP included an evaluation the flattened rate against the long-term needs of the program. It was determined that due to the future use storage calls that will be made within the next 20 years, the previously approved flattened rate would not meet program needs in the long-term. This plan includes an update to the variable rate structure with an annual increase of 3.2% through 2028, a 2% annual increase from

2029 to 2031, and then a flattened rate. The projected long-term variable rate included in the CCDP model is shown in the following chart.



The dashed line shown in the above projected rate structure indicates the required variable rate necessary to meet the minimum program expenses, which include capital costs (P&I) and operation and maintain costs owed to the Corps, and administrative costs associated with the state-owned water supply storage. Costs for reservoir protection and restoration and future use debt liabilities are not included in the required rate. The green line indicates the variable marketing rate structure incorporated into this plan. The difference between the two lines represents marketing revenue that is planned to be utilized for debt paydown and protection and restoration projects as described herein.

The long-term projected rate structure included herein will be reviewed and updated as conditions within the marketing program change. The long-term variable rate structure will continued to be evaluated and updated based on future program changes, and will be incorporated into future updates of this CCDP.

Projected Debt Paydown Schedule

This plan proposes to utilize a portion of the marketing revenue from water sales to pay down the debt associated with the state's water supply storage. The table included below indicates the planned debt paydown by year that has been incorporated into this plan.

Year	Reservoir Storage	Debt Payoff	Total Payoff
2019	Elk City	\$ 422,184	\$ 1,150,689
	John Redmond	\$ 728,505	
2020	Big Hill	\$ 964,794	\$ 1,208,882
	Council Grove	\$ 244,088	
2021	Hillsdale (Orig.)	\$ 1,326,123	\$ 1,650,528
	Marion	\$ 324,405	
2022	Hillsdale #2	\$ 2,268,075	\$ 2,268,075
2023	Hillsdale #1	\$ 2,483,622	\$ 2,483,622
2024	Hillsdale #3	\$ 3,218,753	\$ 3,218,753
2025	Clinton (Orig. & #1)	\$ 1,382,955	\$ 1,382,955

The planned debt paydown is indicated by reservoir, and refers to the debt payoff associated with the existing purchase contracts for storage. The storage contracts for reservoirs in which there is future use storage are further indicated as either the original contract amount (not including Future Use Storage purchase), or a number to indicate the debt associated with an incremental call-in of future use storage.

The debt paydown schedule is projected based on the CCDP, and depends on the amount of marketing revenue available from the previous year of water sales. For planning purposes, the debt paydown schedule shown on the Budget Overview sheet has been utilized for the development of the water marketing program variable rate schedule as shown.

SECTION 6 - PROTECTION & RESTORATION ACTIVITIES

In addition to developing capital or water supply storage to meet program needs, the state is charged with managing and maintaining the existing state-owned storage to meet the water supply needs of existing and projected PWS customers. The specific challenges to managing reservoir water supplies include protecting the reservoir storage by decreasing sedimentation, restoring storage lost to sedimentation at key reservoirs, and identifying a method to finance unfunded storage and operation and maintenance costs.

As stated in previous sections of the CCDP, one of the primary purposes of the CCDP is to identify specific sources of revenue for Reservoir Protection and Restoration (P&R) activities. Potential benefits and funding for these activities extend beyond water marketing program users, and thus, the CCDP helps to identify additional sources for P&R project funding and implementation.

Revenue for Master Plan PWS Capital Fund

As shown in the Budget Overview, this CCDP proposes that a portion of the projected revenue from the marketing program be utilized to fund P&R projects that will have the greatest benefit to the PWS Program. The amount of funding available each year for these projects will depend on actual marketing revenues. As of the date of this publication, the projected 5-year (2018 – 2022) total amount of revenue available for P&R funding is approximately \$915,000.

The CCDP Budget Overview page also includes a comprehensive list of the planned P&R projects listed by associated funding source, which includes the portion projected to be provided by marketing revenue (as described in the above paragraph). These amounts depend on budgeted funds from all programs planned for the implementation of PWS capital projects, and will vary in size, cost, and type. Examples of P&R projects include streambank stabilization projects and best management practices (BMPs) to reduce sedimentation and improve water quality of the PWS storage at state-owned reservoirs.

The KWO is currently working to develop a “Master Plan” that will include additional detail regarding the P&R activities planned under the CCDP. The P&R projects referenced in the Budget Overview will be based on detail provided in the Master Plan.

Future updates to the CCDP will reflect changes in the availability of P&R funding and additional information associated with planned P&R projects.

Current List of PWS Protection & Restoration Projects

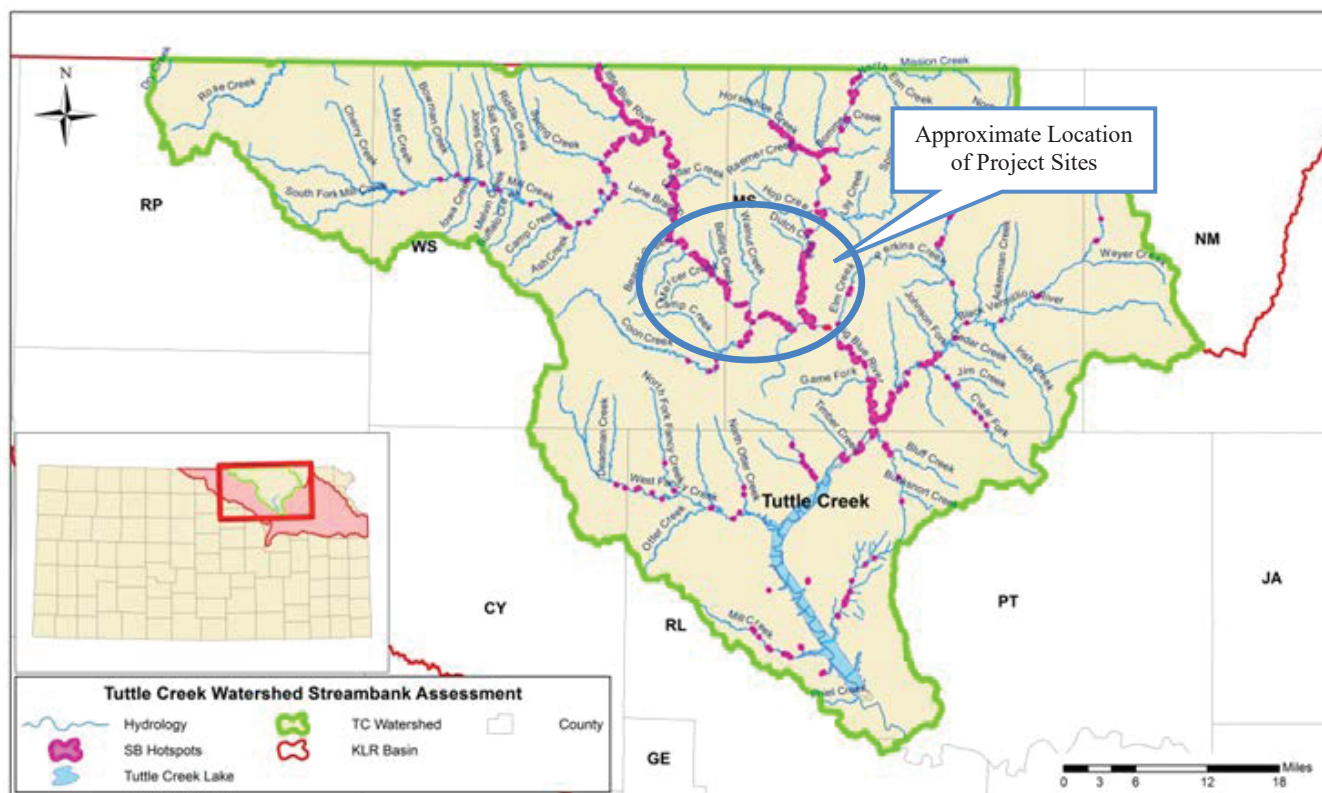
The projects planned for 2018 are shown on the right-hand side of the Budget Overview page in Appendix A as “Master Plan PWS Projects”, and are as listed below, with additional detail for each project also included herein.

2018 MASTER PLAN PWS PROJECTS

• Tuttle SB Stabilization Project	\$ 1,200,000	KDHE SRF Loan
• SB Stabilization Sites Above Redmond	\$ 700,000	JR Bond
Total	\$ 1,900,000	

Tuttle SB Stabilization Project - \$1,200,000 Loan Funds

Per KWA’s approval in February 2017, KWO entered into a loan agreement with the Kansas Department of Health and Environment for a Kansas Water Pollution Control Revolving Fund loan in the amount of \$1,200,000, with 100% principal forgiveness. The loan funds will be used for the design and construction of multiple high priority streambank stabilization sites along the Little Blue and Big Blue Rivers above Tuttle Creek Lake. The primary purpose of the project is to reduce sediment reaching Tuttle Creek Reservoir by stabilizing actively eroding bank sites. The map included herein indicates the approximate location of the sites planned for stabilization as part of this project.



Stabilization Sites Above Redmond - \$700,000 John Redmond Bond Funds

As part of the overall John Redmond Dredging project, a portion of the bond funds are dedicated to the implementation of streambank stabilization projects above John Redmond Reservoir aimed at reducing sediment entering the lake. It is estimated that this funding will facilitate the design and implementation of approximately 9-11 sites. As of the date of this CCDP, the proposed sites for implementation have been identified, and the project is moving forward to the planning and design phase.

SECTION 7 - FUTURE ADDITIONS TO PLAN

Payment breakdown at Milford and Perry – WQ pool increase

Section 4 of the CCDP discusses the unfunded liability associated with the future use storage obligations of the state. As previously stated, the unfunded liability associated with the future use storage in Milford and Perry reservoirs is not currently addressed in the CCDP. Current projections indicate that the demand for the future use storage in these two reservoirs is beyond the end of the contract period. Due to the time gap created between the obligated call-in of this future use storage and the need for the storage based on projected customer demands, there is a need to develop a funding strategy for this specific liability.

In addition to the time gap mentioned above, there is also a potential to reallocate a portion of the future use water supply storage in Milford and Perry to a water quality pool. Typically, Corps of Engineers reservoirs with state-owned storage have a designated water quality pool to support minimum releases; however, there is currently no designated water quality pool in either Perry or Milford. Drought simulations of the Kansas River/Reservoir system model indicate that releases from future use storage in Perry and Milford are required in order to maintain downstream flow targets (based on 2045 capacity). The reallocation of a portion of the future use storage in Milford and Perry to water quality storage would reduce the state's financial obligation associated with the current future use storage.

The KWO is committed to the development of a strategy to fund the future use calls at Milford and Perry, and continues to correspondence with the Corps of Engineer regarding efforts to reallocate future use to water quality storage. The development of a plan for this unfunded liability will be incorporated into future updates of this CCDP.

Total Reservoir P&R Costs in State

The KWO is working to determine the total costs associated with reservoir protection and restoration project needs in the state. This information will be incorporated into future updates of the CCDP.

APPENDIX A

BUDGET OVERVIEW

Public Water Supply Program
Comprehensive Capital Development Plan

2017 PUBLIC WATER SUPPLY PROGRAM COMPREHENSIVE CAPITAL DEVELOPMENT PLAN BUDGET OVERVIEW

TOTAL PWS PROGRAM ANNUAL OPERATING BUDGET									
		2017 BUDGET	2018 PROJECTION	2019 PROJECTION	2020 PROJECTION	2021 PROJECTION	2022 PROJECTION	2023 PROJECTION	2024 PROJECTION
PROGRAM REVENUES:									
Water Marketing Contract Revenue									
Capped Rate Contract Sales		\$ 1,615,069	\$ 1,132,458	\$ 1,133,447	\$ 892,988	\$ 892,941	\$ 835,569	\$ 105,569	\$ -
Variable Rate Contract Sales		\$ 1,706,826	\$ 3,680,569	\$ 3,832,126	\$ 4,956,748	\$ 5,155,344	\$ 5,631,396	\$ 5,849,170	\$ 6,469,155
Total Marketing Revenue		\$ 3,321,895	\$ 4,813,027	\$ 4,965,573	\$ 5,849,736	\$ 6,048,284	\$ 6,466,965	\$ 5,954,739	\$ 6,469,155
Assurance A&E Transfer		\$ 95,003	\$ 98,803	\$ 102,755	\$ 106,865	\$ 111,140	\$ 115,585	\$ 120,209	\$ 125,017
Operational Reserve		\$ -	\$ -	\$ 23,889	\$ 90,687	\$ 107,871	\$ 126,491	\$ 536,449	\$ 177,390
State Water Plan Fund									
O&M Payments to Corps		\$ 364,553	\$ 371,436	\$ 363,000	\$ 446,232	\$ 452,830	\$ 454,005	\$ 415,473	\$ 403,667
John Redmond Bond Payment		\$ 916,550	\$ 1,260,426	\$ 1,260,426	\$ 1,260,426	\$ 1,260,426	\$ 1,260,426	\$ 1,260,426	\$ 1,260,426
Tuttle Streambank Stabilization Projects		\$ 400,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
On-Going Statewide Monitoring & Assessment		\$ 369,889	\$ 463,699	\$ 481,282	\$ -	\$ -	\$ -	\$ -	\$ -
John Redmond Bathymetric & Sediment Monitoring		\$ 217,500	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -
Water Assurance Fund									
P&I Payments to Corps		\$ 13,744	\$ 13,744	\$ 13,744	\$ 480	\$ -	\$ -	\$ -	\$ -
O&M Payments to Corps		\$ 298,540	\$ 321,786	\$ 496,228	\$ 356,577	\$ 349,672	\$ 361,036	\$ 372,267	\$ 335,681
Access District Revenue		\$ 2,535,791	\$ 83,377	\$ 131,523	\$ 78,132	\$ 81,389	\$ 82,713	\$ 87,269	\$ 93,824
TOTAL REVENUES PROVIDED		\$ 8,533,465	\$ 7,526,298	\$ 7,938,419	\$ 8,189,135	\$ 8,411,612	\$ 8,867,223	\$ 8,746,831	\$ 8,865,161
REVENUE REQUIREMENTS:									
Principal & Interest to Corps									
Water Marketing Fund		\$ 1,424,442	\$ 1,424,442	\$ 1,189,590	\$ 1,840,178	\$ 1,617,087	\$ 1,311,880	\$ 977,667	\$ 1,725,165
Water Assurance Fund		\$ 13,744	\$ 13,744	\$ 13,744	\$ 480	\$ -	\$ -	\$ -	\$ -
Access District Fund		\$ 43,724	\$ 43,724	\$ 43,724	\$ 43,724	\$ 43,724	\$ 43,724	\$ 43,724	\$ 43,724
Total P&I Expense to Corps		\$ 1,481,910	\$ 1,481,910	\$ 1,247,058	\$ 1,884,382	\$ 1,660,811	\$ 1,355,604	\$ 1,021,391	\$ 1,768,889
Operation & Maintenance to Corps									
Water Marketing Fund		\$ 791,106	\$ 754,651	\$ 1,042,796	\$ 978,268	\$ 960,706	\$ 949,912	\$ 855,916	\$ 994,934
State Water Plan Fund		\$ 364,553	\$ 371,436	\$ 482,809	\$ 446,232	\$ 452,830	\$ 454,005	\$ 415,473	\$ 403,667
Water Assurance Fund		\$ 298,540	\$ 321,786	\$ 496,228	\$ 356,577	\$ 349,672	\$ 361,036	\$ 372,267	\$ 335,681
Access District Fund		\$ -	\$ 24,052	\$ 71,574	\$ 17,535	\$ 20,117	\$ 20,739	\$ 24,565	\$ 30,361
Total O&M Expense to Corps		\$ 1,454,199	\$ 1,471,926	\$ 2,093,407	\$ 1,798,611	\$ 1,783,325	\$ 1,785,693	\$ 1,668,220	\$ 1,764,643
Administration & Enforcement									
Water Marketing Fund		\$ 889,704	\$ 947,835	\$ 974,187	\$ 735,871	\$ 764,363	\$ 792,855	\$ 821,347	\$ 849,839
Access District Fund		\$ 15,000	\$ 15,600	\$ 16,224	\$ 16,873	\$ 17,548	\$ 18,250	\$ 18,980	\$ 19,739
Reservoir Protection & Restoration									
John Redmond Bond Payment									
Water Marketing Fund		\$ 756,450	\$ 410,324	\$ 411,074	\$ 414,574	\$ 410,574	\$ 414,324	\$ 410,324	\$ 413,824
State Water Plan Fund		\$ 916,550	\$ 1,260,426	\$ 1,260,426	\$ 1,260,426	\$ 1,260,426	\$ 1,260,426	\$ 1,260,426	\$ 1,260,426
Tuttle Streambank Stabilization Projects		\$ 400,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
On-Going Statewide Monitoring & Assessment		\$ 369,889	\$ 463,699	\$ 481,282	\$ -	\$ -	\$ -	\$ -	\$ -
John Redmond Bathymetric & Sediment Monitoring		\$ 217,500	\$100,000	\$100,000	\$ -	\$ -	\$ -	\$ -	\$ -
Operational Reserve Fund Deposits		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
O&M Set-Aside Fund Deposits		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Marketing Revenue for Master Plan		\$ -	\$ 1,371,766	\$ 1,471,581	\$ 2,071,015	\$ 2,512,103	\$ 3,239,578	\$ 3,543,866	\$ 2,784,159
Debt Paydown Funding		\$ 2,477,067	\$ 1,150,689	\$ 1,208,882	\$ 1,650,528	\$ 2,268,075	\$ 2,483,622	\$ 3,218,753	\$ 1,382,955
Protection & Restoration Funding		\$ -	\$ 200,000	\$ 55,191	\$ 320,000	\$ 120,000	\$ 220,000	\$ 150,000	\$ 650,000
TOTAL REVENUE REQUIREMENTS		\$ 8,978,269	\$ 7,502,409	\$ 7,847,732	\$ 8,081,264	\$ 8,285,121	\$ 8,330,773	\$ 8,569,441	\$ 8,110,315
Funds Available for Operational Reserve		\$ (444,804)	\$ 23,889	\$ 90,687	\$ 107,871	\$ 126,491	\$ 536,449	\$ 177,390	\$ 754,845
MASTER PLAN PWS CAPITAL FUND									
Funding Sources for PWS P&R Projects									
State Water Plan Fund		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Water Marketing Fund		\$ -	\$ 200,000	\$ 55,191	\$ 320,000	\$ 120,000	\$ 220,000	\$ 150,000	\$ 650,000
John Redmond Bond Funds for SB Projects		\$ 700,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SRF Loan Funds for SB Projects		\$ 1,200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL FUNDS AVAILABLE		\$ 1,900,000	\$ 200,000	\$ 55,191	\$ 320,000	\$ 120,000	\$ 220,000	\$ 150,000	\$ 650,000
Master Plan Project Costs (Based on Detailed Project Sheet)		\$ 1,900,000	\$ 200,000	\$ 55,191	\$ 320,000	\$ 120,000	\$ 220,000	\$ 150,000	\$ 650,000

LONG TERM MODEL PROJECTION ASSUMPTIONS															
Assumptions for Water Use Projections:															
* Capped rate contract #80-2 Westar Energy - Jeffrey ends in 2022; assume no contract renewal															
* Douglas Co. RWD #4 (#77-5) & Douglas Co. RWD #5 (#77-2) capped rate contracts end in 2019; assume not renewed															
* All other current contracts renewed at current quantities and contract terms upon expiration of current contract															
Assumptions for Call In Storage and Bonding:															
* Call in schedule as shown in table below															
* Clinton bonded in 2027, 20 year repayment @ 5%															
* Hillsdale bonded in 2031, 20 year repayment @ 5%															
* Big Hill bonded in 2029, 20 year repayment @ 5%															
Future Additions to Long-Term Plan															
* Milford and Perry Future Use not included in current projections within Marketing Program.															
* State General Fund appropriations not included in current projections.															
* State Water Plan Funds appropriated on two-year budget cycle.															
FUTURE USE STORAGE - Call-In Schedule															
	BIG HILL RESERVOIR			CLINTON RESERVOIR			HILLSDALE RESERVOIR			MILFORD RESERVOIR			PERRY RESERVOIR		
Calendar Year	AF Call	Total AF	% in Service	AF Call	Total AF	% in Service	AF Call	Total AF	% in Service	AF Call	Total AF	% in Service	AF Call	Total AF	% in Service
2010		9,200	35.80		53,520	60.00		13,250	25.00		101,650	33.88		25,000	16.67
2014								3,533	16,783	31.67					
2020				8,900	62,420	70.00		3,533	20,316	38.33					
2024	7,200	16,400	63.81												
2025								10,000	30,316	57.20					
2027				26,780	89,200	100.00									
2029	9,300	25,700	100.00												
2030								22,684	53,000	100.00					
2034											198,350	300,000	100.00		
2041														125,000	150,000

2018 MASTER PLAN PWS PROJECTS*														
Tuttle SB Stabilization Projects							\$ 1,200,000		SRF Loan**					
SB Stabilization Sites Above Redmond							\$ 700,000		JR Bond					
Total P&R Projects							\$ 1,900,000		Assumptions for P&R Project Funding					
A portion of the Operational Reserve funds will be used for Protection & Restoration projects.														
*See Master Plan for detailed project information														
**Loan with 100% Principal Forgiveness														

BUDGETED DEBT PAYDOWN (Projected)										<div>2018 REVENUE REQUIREMENTS ALL PROGRAMS (Projected)</div> <div><div><div>DEBT PAYDOWN 15.7%</div><div>TOTAL P&I 20.3%</div><div>TOTAL P&R 30.6%</div><div>A&E 13.2%</div><div>TOTAL O&M 20.2%</div></div></div>											
Year	Reservoir Storage		Debt Payoff		Total Payoff																
2019	Elk City		\$ 422,184		\$ 1,150,689																
	John Redmond		\$ 728,505																		
2020	Big Hill		\$ 964,794		\$ 1,208,882																
	Council Grove		\$ 244,088																		
2021	Hillsdale (Orig.)		\$ 1,326,123		\$ 1,650,528																
	Marion		\$ 324,405																		
2022	Hillsdale #2		\$ 2,268,075		\$ 2,268,075																
2023	Hillsdale #1		\$ 2,483,622		\$ 2,483,622																
2024	Hillsdale #3		\$ 3,218,753		\$ 3,218,753																
2025	Clinton (Orig. & #1)		\$ 1,382,955		\$ 1,382,955																

WATER MARKETING PROGRAM VARIABLE RATE															
Rate Per 1000 Gallons	\$0.70														
	\$0.60														
	\$0.50														
	\$0.40														
	\$0.30														
	\$0.20														
	\$0.10														
	\$0.00														
		2018	2020	2022	2024	2026	2028	2030	2032	2034					
		Year													
	3.2% Increase														
	2.0% Increase														

Calendar Year	2017	2018	2019	2020	2021	2022
Variable Rate	\$0.38	\$0.392	\$0.405	\$0.418	\$0.431	\$0.445
% Increase	n/a	3.2%	3.2%	3.2%	3.2%	3.2%

*The Water Marketing Program Variable Rate is subject to annual review and approval.

APPENDIX B

PWS PROGRAM BUDGET TABLES

Table 1. Projected Expenses	2017	2018	2019	2020	2021	2022
Principal and Interest to Corps						
Water Marketing Fund	\$1,424,442	\$1,424,442	\$1,189,590	\$1,840,178	\$1,617,087	\$1,311,880
Water Assurance Fund	\$13,744	\$13,744	\$13,744	\$480	\$0	\$0
Access District Fund	\$43,724	\$43,724	\$43,724	\$43,724	\$43,724	\$43,724
Total P&I Expense to Corps	\$1,481,910	\$1,481,910	\$1,247,058	\$1,884,382	\$1,660,811	\$1,355,604
Operation & Maintenance to Corps						
Water Marketing Fund	\$791,106	\$754,651	\$1,042,796	\$978,268	\$960,706	\$949,912
State Water Plan Fund	\$364,553	\$371,436	\$482,809	\$446,232	\$452,830	\$454,005
Water Assurance Fund	\$298,540	\$321,786	\$496,228	\$356,577	\$349,672	\$361,036
Access District Fund	\$0	\$24,052	\$71,574	\$17,535	\$20,117	\$20,739
Total O&M Expense to Corps	\$1,454,199	\$1,471,926	\$2,093,407	\$1,798,611	\$1,783,325	\$1,785,693
Administration & Enforcement						
Water Marketing Fund	\$889,704	\$947,835	\$974,187	\$735,871	\$764,363	\$792,855
Access District Fund	\$15,000	\$15,600	\$16,224	\$16,873	\$17,548	\$18,250
Total A&E Expense	\$904,704	\$963,435	\$990,411	\$752,744	\$781,911	\$811,105
Reservoir Protection & Restoration						
John Redmond Bond Payment						
Water Marketing Fund	\$756,450	\$410,324	\$411,074	\$414,574	\$410,574	\$414,324
State Water Plan Fund	\$916,550	\$1,260,426	\$1,260,426	\$1,260,426	\$1,260,426	\$1,260,426
Tuttle SB Stabilization Projects	\$400,000	\$0	\$0	\$0	\$0	\$0
On-Going Monitoring & Assessment	\$369,889	\$463,699	\$481,282	\$0	\$0	\$0
Redmond Bath. & Sediment Monitoring	\$217,500	\$100,000	\$100,000	\$0	\$0	\$0
Total P&R Expense	\$2,660,389	\$2,234,449	\$2,252,782	\$1,675,000	\$1,671,000	\$1,674,750
Subtotal Program Expenses	\$6,501,202	\$6,151,720	\$6,583,658	\$6,128,271	\$5,897,046	\$5,627,151
Marketing Revenue for Master Plan	\$0	\$1,371,766	\$1,471,581	\$2,071,015	\$2,512,103	\$3,239,578
Debt Paydown Funding (per schedule)	\$2,477,067	\$1,150,689	\$1,208,882	\$1,650,528	\$2,268,075	\$2,483,622
<i>Protection & Restoration Funding</i>	<i>\$0</i>	<i>\$200,000</i>	<i>\$55,191</i>	<i>\$320,000</i>	<i>\$120,000</i>	<i>\$220,000</i>
Total Expenses - Projected	\$8,978,269	\$7,502,409	\$7,847,732	\$8,081,264	\$8,285,121	\$8,330,773

Table 2. Revenue

Water Marketing Contract Revenue						
Capped Contract Sales	\$1,615,069	\$1,132,458	\$1,133,447	\$892,988	\$892,941	\$835,569
Variable Rate Contract Sales	\$1,706,826	\$3,680,569	\$3,832,126	\$4,956,748	\$5,155,344	\$5,631,396
Total Marketing Revenue	\$3,321,895	\$4,813,027	\$4,965,573	\$5,849,736	\$6,048,284	\$6,466,965
Assurance A&E Reimbursement	\$95,003	\$98,803	\$102,755	\$106,865	\$111,140	\$115,585
Operational Reserve	\$0	\$0	\$23,889	\$90,687	\$107,871	\$126,491
State Water Plan Fund						
O&M Payments to Corps	\$364,553	\$371,436	\$363,000	\$446,232	\$452,830	\$454,005
John Redmond Bond Payment	\$916,550	\$1,260,426	\$1,260,426	\$1,260,426	\$1,260,426	\$1,260,426
Tuttle SB Stabilization Project	\$400,000	\$0	\$0	\$0	\$0	\$0
On-Going Monitoring & Assessment	\$369,889	\$463,699	\$481,282	\$0	\$0	\$0
Redmond Bath. & Sediment Monitoring	\$217,500	\$100,000	\$100,000	\$0	\$0	\$0
Water Assurance Fund						
P&I Payments to Corps	\$13,744	\$13,744	\$13,744	\$480	\$0	\$0
O&M Payments to Corps	\$298,540	\$321,786	\$496,228	\$356,577	\$349,672	\$361,036
Access District Revenue	\$2,535,791	\$83,377	\$131,523	\$78,132	\$81,389	\$82,713
Total Projected Revenue	\$8,533,465	\$7,526,298	\$7,938,419	\$8,189,135	\$8,411,612	\$8,867,223

Table 3. Projected Water Use (1000 GPY)	2017	2018	2019	2020	2021	2022
Capped Contracts Billable Quantity	16,150,695	11,324,583	11,334,470	8,953,311	8,953,169	8,355,690
Variable Contracts Billable Quantity	4,491,647	9,385,375	9,462,039	11,858,249	11,961,354	12,654,823
Total Billable Quantity (1000 GPY)	20,642,342	20,709,958	20,796,509	20,811,559	20,914,523	21,010,513

Table 4. Specific Use Accounts						
Conservation Storage Fund Deposits	\$0	\$0	\$0	\$0	\$0	\$0
Conservation Storage Fund Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Conservation Storage Fund Balance	\$220,490	\$220,490	\$220,490	\$220,490	\$220,490	\$220,490
O&M Set-Aside Account Deposits	\$0	\$0	\$0	\$0	\$0	\$0
O&M Set-Aside Account Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
O&M Set-Aside Account Balance	\$137,461	\$137,461	\$137,461	\$137,461	\$137,461	\$137,461
Operational Reserve Deposits	\$0	\$0	\$0	\$0	\$0	\$0
Operational Reserve (Projected)	\$0	\$0	\$23,889	\$90,687	\$107,871	\$126,491

Table 5. P&I Payments by Reservoir	2017	2018	2019	2020	2021	2022
Big Hill	\$119,390	\$119,390	\$119,390	\$0	\$0	\$0
Clinton	\$168,754	\$168,754	\$168,754	\$441,154	\$441,154	\$441,154
Council Grove	\$52,200	\$52,200	\$52,200	\$0	\$0	\$0
Elk City	\$77,272	\$77,272	\$0	\$0	\$0	\$0
Hillsdale	\$803,016	\$803,016	\$803,016	\$1,339,529	\$1,175,932	\$870,725
John Redmond	\$157,580	\$157,580	\$0	\$0	\$0	\$0
Kanopolis	\$43,724	\$43,724	\$43,724	\$43,724	\$43,724	\$43,724
Marion	\$59,494	\$59,494	\$59,494	\$59,494	\$0	\$0
Melvern	\$0	\$0	\$0	\$0	\$0	\$0
Total Annual P&I Payment	\$1,481,430	\$1,481,430	\$1,246,578	\$1,883,901	\$1,660,810	\$914,449

Table 6. O&M Payments by Reservoir	2017	2018	2019	2020	2021	2022
Big Hill	\$94,507	\$136,925	\$135,928	\$110,885	\$104,449	\$107,719
Cedar Bluff	\$0	\$5,600	\$8,600	\$5,000	\$5,000	\$5,000
Clinton	\$165,199	\$167,047	\$184,018	\$197,683	\$184,860	\$190,476
Council Grove	\$171,216	\$56,105	\$308,071	\$267,901	\$239,662	\$239,662
Elk City	\$38,935	\$56,606	\$41,991	\$37,489	\$32,707	\$32,707
Hillsdale	\$69,052	\$69,792	\$68,224	\$74,292	\$76,670	\$87,248
John Redmond	\$77,369	\$78,524	\$119,045	\$72,564	\$61,406	\$59,702
Kanopolis	\$44,962	\$48,434	\$144,129	\$35,310	\$40,510	\$41,762
Marion	\$168,395	\$130,172	\$203,720	\$319,530	\$351,167	\$299,567
Melvern	\$234,299	\$263,743	\$245,813	\$222,870	\$229,710	\$250,943
Milford	\$72,739	\$92,806	\$112,587	\$86,272	\$88,855	\$91,577
Perry	\$62,550	\$67,436	\$85,094	\$77,192	\$79,547	\$81,902
Pomona	\$203,863	\$229,383	\$261,671	\$226,035	\$232,894	\$239,902
Toronto	\$854	\$478	\$468	\$471	\$491	\$455
Tuttle	\$50,259	\$68,875	\$174,048	\$65,117	\$55,397	\$57,071
Total Annual O&M Payment (Projected)	\$1,454,199	\$1,471,926	\$2,093,407	\$1,798,611	\$1,783,325	\$1,785,693



KWO – Revenue Description

WATER PLANNING AND IMPLEMENTATION PROGRAM – The Office Administration Program administers the daily operations of the Kansas Water Office (KWO) and the Kansas Water Authority (KWA). Throughout each year funds are generated as a result of daily operations.

General Fee Fund (2022-2000) – Conferences are used as a means of education and outreach with a targeted audience. The Kansas Water Office annually hosts the Governor’s Conference on the Future of Water in Kansas. Over the eleven years the event has been held the attendance has ranged from 500 to 700. Legislators, water managers, scientists, state, federal, city and county administrators as well as organizations, irrigators and citizens who share an interest in Kansas water resources are all found at the conference. A registration fee is administered to attendees to cover a portion of the costs of the conference, with the balance being provided by private firms and organization sponsorship. Revenue for FY2025 is estimated at \$185,000 and FY2026 is estimated at \$190,000.

General Fee Fund (2022-2010) – The KWO has hosted a Winter Water Technology Expo for producers and exhibitors. In FY2023 the name was changed to the Water Innovation Systems and Education (WISE) Tour. This will be the seventh year for these types of events which have grown to approximately 275 attendees. The event has provided attendees and exhibitors the opportunity to discuss the role of irrigation technology, soil moisture probes, crop selection and seeding rates, as well as other technologies and management tools in maximizing water use efficiency. Event costs are covered by exhibitors and sponsors. A field tour for this programming is currently being planned for FY2025 and FY2026. Revenues are estimated for FY2025 and FY2026 at \$35,000.

Indirect Cost Fund (2419) – Over the past few years many grants have converted to providing reimbursements for a percentage of direct cost, which has significantly reduced revenue from indirect costs. The revenue estimate from current grants for FY2025 & FY2026 are estimated at \$800 each year. These estimated revenues will change based on the award of new grants each Federal Fiscal Year.

Local Water Project Match Fund (2620-3200) – KWO partners with local entities to match funds provided by the Federal Government. Revenues for FY2025 & FY2026 are estimated at \$205,600 each year from contributions made by private and public sources reimbursing the KWO for joint program expenses. Revenues are expected to come primarily from water suppliers involved in the Kansas River Water Quality Study, which will be matched with state funds.

State Special Grants

Water Technical Assistance Fund (2875-2875) – **Effective April 27, 2023-** HB2302 established the water technical assistance fund within the KWO to provide grants for the planning, engineering, managing and other technical assistance that may be necessary in the development of plans for water infrastructure projects or for processing the grant and loan applications for such water infrastructure projects. Through this fund the KWO may offer services directly, provide funding to other organizations to provide such services at no cost to a municipality or special district related to water or provide grants directly to applicants to cover expenses related to the hiring of such technical assistance. Revenue for FY2025 is estimated at \$7,500,000 and FY2026 is estimated at \$5,000,000.

Water Projects Grant Fund (2881-2881) – **Effective April 27, 2023-** HB2302 established within the KWO full or partial funding in the form of grants to any municipality or special district related to water established pursuant to the laws of the state of Kansas for the following: (1) Construction, repair, maintenance or replacement of water related infrastructures and any related construction costs; (2) matching moneys for grant or loan applications for water related infrastructure projects. Revenue for FY2024 is estimated at \$19,500,000 and FY2026 is estimated at \$12,000,000.

Revenue Estimates

Federal Grants

FEMA Federal Grant (3362) – KWO has two FEMA grants. Based on current awarded grants, Revenue for FY2025 is estimated at \$300,000 and FY2026 is estimated at \$1,400,000.

BoR Federal Grants (3731) – KWO was awarded a federal grant in FY2020 through the Bureau of Reclamation's Title XVI Water Reclamation and Reuse program in the amount of \$199,175. Revenue for FY2025 is estimated at \$70,000 and FY2026 is estimated at \$140,972.

EPA Federal Grants (3914) – KWO frequently receives federal grants from the Environmental Protection Agency for studies and demonstration projects. Most federal grants are awarded over a 2-year period and run on the federal fiscal year which begins October 1 and ends September 30 with extension to December 31st. The Kansas Water Office currently has two EPA federal grants. Based on current awarded grants, Revenue for FY2025 is estimated at \$150,000 and FY2026 is estimated at \$159,269.

PUBLIC WATER SUPPLY PROGRAM – KWO administers the provisions of four acts relating to public water supply which involve the collection of revenue: The State Water Plan Storage Act, the Water Assurance Program Act, the Lower Smoky Hill Water Supply Access Program and the Multipurpose Small Lakes Program Act. Funds and accounts have been established for the State Water Marketing Program (Water Plan Storage), the Water Assurance Program, and the Lower Smoky Hill Water Supply Access Program. The Conservation Storage Water Supply Fund provides that revenue from the Water Marketing Fund may be deposited for the purposes of acquisition, development, or maintenance of state-owned conservation storage water supply.

KWO has developed the Public Water Supply Program Comprehensive Capital Development (CCDP) Plan in order to account for all revenue and expenses related to the State's public water supply storage. The CCDP interconnects additional funding sources related to state-owned public water supply (PWS) storage, including the Water Assurance Program and State Water Plan funds specifically tied to PWS storage, as included herein. The CCDP also includes a detailed breakdown of the specific funding amounts associated with each separate Kansas federal reservoir. Below is an overview of the specific funds included in the CCCP. For a more detailed description of the Public Water Supply Program, refer to the 2017 CCDP as attached.

Water Marketing Fund (2255-2100)

The Water Marketing Program operates on a cash basis. Each calendar year, major revenues are received in January and February and major expenditures occur in September and October. The monthly cash flow is an important operational consideration. An operational reserve accommodates the uncertainty of projecting water sales revenue. In previous Plans, the KWA approved the goal of developing and maintaining an operational reserve of \$500,000, an approximate 25% operating reserve. The 2017 CCDP proposes to utilize a portion of funds generated from the previous year's water sales associated with marketing contracts for Operational Reserve.

Prior to the updated 2017 CCDP, the Authority had sought to flatten out variations in the rate to be able to lend financial stability to both customers and the Water Marketing Program. A stepped increase in the variable rate was adopted by the KWA in conjunction with discussions regarding reservoir restoration. The previously approved flattened rate was projected to provide adequate revenue to cover program expenses and provide funding for protection and restoration projects.

The development of the 2017 CCDP included an evaluation the flattened rate against the long-term needs of the program. It was determined that, due to the future use storage calls that will be made within the next 20 years, the previously approved flattened rate would not meet program needs in the long-term. The CCDP includes an update to the variable rate structure with an annual increase. Estimated Revenue for FY2025 \$6,487,719 and FY2026 \$6,481,099.

Revenue Estimates

Specific Use Accounts

Operation and Maintenance Set-Aside Account (2255-2110)

In 1991, an Operation and Maintenance (O & M) Set-Aside Account within the Water Marketing Fund was established. It enables the Program to pay for any unusually high O & M expenses without causing abnormally high spikes in the rate. Up to 1 cent per 1,000 gallons of revenue from purchasers may be credited to this account if there is any remaining revenue after expenses are met. This Fund has a current balance of \$1,006,172.

Conservation Storage Development Fund (2502-2600)

The State Conservation Storage Water Supply Fund was established as a savings fund for acquisition, development or maintenance of state-owned public water supply storage. This Fund has a current balance of \$4,470,244.

Access District Fund (2203)

The Access District Fund receives money from the Lower Smoky Hill Water Supply Access District. In 2011, legislation was passed for the Lower Smoky Hill Water Supply Access Program (K.S.A 82a-2301 et seq., as amended), which was a step toward drought contingency for surface water users below Kanopolis Reservoir. The legislation allowed surface water right holders below Kanopolis Reservoir and the City of Salina to voluntarily join together to obtain storage in the lake to cover the desired portion of their authorized water right quantities.

In 2016, the Lower Smoky Hill Water Supply Access District was formed, and the Access District purchased a portion of the water supply pool from Kanopolis Reservoir through a lump sum payment to the State in accordance with the purchase contract between the KWO and the Access District. The water supply storage in Kanopolis purchased by the Access District can be utilized to supplement the Smoky Hill River streamflow to provide the ability for Access District members to make use of their reasonable and justified authorized quantities under their water rights through drought conditions.

The Access District is charged for the cost incurred by the State for operation and maintenance of the portion of storage dedicated to the use of the district. Payments from the Access District are passed through to the Army Corps of Engineers for operation and maintenance costs. Estimated Revenue for FY2025 is \$28,731 and FY2026 is \$146,309.

Water Assurance Fund (2631)

The Water Assurance Fund receives money from three water assurance districts. The purpose of the Water Assurance Program is to allow for coordinated operation of water storage space in federal reservoirs to satisfy downstream municipal and industrial water rights during drought conditions. Water right holders are therefore assured to receive enhanced flow during times of drought while the state operates the reservoirs in a basin as a system for increased efficiency in water delivery.

The districts are charged for the costs incurred by the State for both principal and interest associated with storage construction and operation and maintenance of the storage dedicated to the use of the districts. Payments from the assurance districts are passed through to the Corps of Engineers for principal and interest and operation and maintenance costs. In addition, the districts are charged for the cost to administer and enforce the program. These funds are transferred to the Water Marketing Fund to cover a portion of the cost of positions funded by the Water Marketing Fund. A small amount is also transferred to the SGF to repay Kansas Department of Agriculture for the Division of Water Resource's costs to assist with the program's administration. Estimated Revenue for FY2025 is \$475,040 and FY2026 is \$723,969.