



**Before the
Senate Committee on Natural Resources**

**Kansas Water Office
Earl Lewis, Assistant Director, Kansas Water Office
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Chairman Powell and members of the Committee, I am Earl Lewis, Assistant Director of the Kansas Water Office. Thank you for the opportunity to appear before you today present information related to Senate Bill 64. The Kansas Water Office is supportive of this bill.

The Multipurpose Small Lakes (MPSL) program was established to provide water supply storage and water related recreational facilities in Kansas. The program is administered by the Kansas Department of Agriculture, Division of Conservation. The Kansas Water Office has authority relative to the inclusion of public water supply storage in these lakes and may recover the state's costs incurred in provide the storage, as outlined in K.S.A. 82a-1604, 1605 and 1606.

In the fall of 2014 the Kansas Water Office was approached by the City of Alma with a request to purchase additional storage from Mill Creek MPSL. During the coordination it was noted that the repayment calculations described in the Multipurpose Small Lakes Program Act varies from the calculation for storage repayment from Kansas Water Office reservoir storage programs.

Pursuant to K.S.A. 82a-1306a, water purchase contracts through the Water Marketing program require an interest computed at an annual rate equal to the average of the monthly net earnings rates for the pooled money investment portfolio for the preceding calendar year on the net amount of moneys advanced from state funds for costs incurred.

In contrast, repayment costs incurred under the MPSL Program is computed at an annual rate which is equal to the greater of (1) the average rate of interest earned the past calendar year on repurchase agreements of less than 30 days' duration entered into the pooled money investment board, less 5%; or (2) four percent (K.S.A. 82a-1604).

The proposed changes to the MPSL statute described in SB64 would be more consistent with the Water Marketing, Water Assurance, and Lower Smoky Access programs may result in cost savings for communities purchasing storage.

Thank you again for the opportunity to present the position of support from the Kansas Water Office for SB64. I will be happy to respond to questions at the appropriate time.