

MINUTES OF THE Senate COMMITTEE ON Energy and Natural Resources

The meeting was called to order by Senator Charlie L. Angell at
Chairperson

8:00 a.m./~~p.m.~~ on Tuesday, January 25, 1983 in room 123-S of the Capitol.

All members were present except:
Senator Paul Hess (Excused)
Senator Tom Rehorn

Committee staff present:
Ramon Powers, Research Department
Don Hayward, Revisor's Office
LaVonne Mumert, Secretary to the Committee

Conferees appearing before the committee:
Jack Alexander, Kansas Water Authority
Martha Mangelsdorf, Kansas Water Authority

Senator Vidricksen moved that the minutes of the January 20, 1983 meeting be approved.
Senator Werts seconded the motion, and the motion carried.

S.B. 61 - Amending and supplementing the State Water Plan Storage Act

Jack Alexander read his written testimony (Attachment 1). He pointed out that the language in S.B. 61 enables the State of Kansas to direct applicants for water to another source, to reject an application or to contract for less water than requested and to sell water under terms and conditions that best meet the interests of the entire state. New Section 10, which will replace K.S.A. 82a-1311, provides guidelines for determining whether a sale is in the best interests of the entire state. The bill also addresses out-of-state purchases or sales and implements a new pricing policy. Mr. Alexander requested that the proposed price floor of 7.5¢ per 1,000 gallons be restored. He also told the Committee that the bill does not appear to propose depositing all revenues into the conservation fund, which was the Kansas Water Authority's (Authority) intention. He also urged that the words "other than federal reservoirs" be deleted from line 435.

Senator Werts asked what the price would be today, under New Section 7. Staff replied it would be 11.03¢ which includes the 2.5¢ replacement charge.

Martha Mangelsdorf said they would prepare a written list of concerns which have been raised in regard to the language in S.B. 61 for the Committee's consideration.

The Committee was told that the U.S. Supreme Court has made a ruling concerning a Nebraska law dealing with the sale of water out of state. Lee Rolfs, Division of Water Resources, agreed to provide the Committee with copies of the opinion and other information.

Chairman Angell pointed out that in line 426 the word "changed" should be "charged". Responding to a question from Chairman Angell, Mr. Alexander said that the 2.5¢ replacement charge would be used for the state as a total system and not merely for the users who actually pay for 2.5¢. Answering a question from Chairman Angell, Mr. Alexander stated that the 20 to 25 year time span referred to on page six of his statement refers to the fact that most cities plan for that length of time and after 20 or 25 years, they will be needing additional water supplies. He did not mean to infer that the reservoirs will be used up in 20 to 25 years. Chairman Angell asked what the need was for a 7.5¢ price floor if the current price is already above that. Mr. Alexander said it is a safety net and pointed out that the 7.5¢ figure does not include the 2.5¢ replacement charge. In answer to a question from Senator Kerr, Mr. Alexander said they envision the 2.5¢ replacement charge being used for both the current reservoir system and additional small systems. There was some discussion about the 60 day time period in Section 6. Chairman Angell asked if the Authority has any real objection to changing that. Mr. Alexander answered they do not. New Section 10(b) (2) was discussed, and it was pointed out that the Authority makes recommendations on contracts and the Legislature approves or disapproves them.

The meeting was adjourned at 9:00 a.m. by the Chairman.

The next meeting of the Committee will be at 8:00 a.m. on January 26, 1983.

Senate Energy & Natural Resources

Jan. 25, 1983

<u>Name</u>		<u>Organization</u>
Jan Meyers		Senate
Ray D. Shekel		K.C.P.C.
Ed Reinert	Topeka	Ks Sierra Club League Women Voters
BILL PERDUE	TOPEKA	KPL
Lon Stanton	TOPEKA	KPL
Louis Stroup Jr.	McPherson	KMU
Deborah Sabol		KDHE
D. WAYNE ZIMMERMAN	TOPEKA	THE ELECTRIC CO'S ASSOC. OF KS.
WAYNE ROBERTS	GARDNER	Johnson Co RWD #7
Glen E. Kirk	Topeka	U.S. Bureau of Reclamation
James Power	Topeka	KDHE
Jim Aiken	"	KDHE
Kerry Wedel	"	Kansas Natural Resource Council
Ron Caches	Topeka	KACI
Hi Bland	Rodge city	City Com.
Carl Dean Holman	Plains	Plains Mayor
Chris McKenzie	Topeka	League of Ks. Municipalities
JOHN WYNKOOP	WICHITA	CITY WATER DEPT.
Scot WRIGHTON	"	City of Wichita
F. E. Withrow Jr.	"	"
CR Ruffly	Topeka	KWA Staff
David Darling	Topeka	KWO
John A. Henderson	"	"
JOE HARRINS	"	KW D
Dale Badema	Lawrence	Ks. Geol. Survey
Mike Dunaway	Topeka	Barrett & West Eng.
Rosemary O'Leary	"	RCC
Sabrina Adams - George		Topeka Water Dept.

Arnold Halquell KWO

Heland E. Ruff Together

Deb Miller

Ks. State Bd of Ag - DWP
Goo

KANSAS WATER AUTHORITY
RECOMMENDATIONS ON THE
STATE WATER PLAN STORAGE ACT
SENATE BILL #61

BY

JACK ALEXANDER, CHAIRMAN
COMMITTEE ON WATER MARKETING

CHAIRMAN ANGELL AND COMMITTEE MEMBERS, I AM HERE THIS MORNING TO OFFER THE KANSAS WATER AUTHORITY'S AMENDMENTS AND RECOMMENDATIONS ON THE STATE WATER PLAN STORAGE ACT.

AS A MEMBER OF THE AUTHORITY, AND CHAIRMAN OF THE COMMITTEE WHICH FORMALIZED THIS LEGISLATION, I HAVE BECOME INCREASINGLY AWARE OF THE VITAL NEED FOR OUR STATE TO FINE TUNE ITS MANAGEMENT ABILITIES AND PLAN FOR THE DEVELOPMENT OF ITS WATER SYSTEM, TO MORE PRECISELY MEET THE GROWING DEMANDS FOR WATER IN THE STATE OF KANSAS.

OUR WORK ON THE STATE WATER PLAN STORAGE ACT BEGAN AFTER THE AUTHORITY ASSESSED THE WATER SUPPLY AND DEMAND PICTURE FOR THE STATE. BASED ON STUDIES CONDUCTED BY VARIOUS ENGINEERING CONSULTANTS, THE CORPS OF ENGINEERS AND STAFF FROM THE STATE'S WATER OFFICE, IT APPEARS THAT THERE ARE NOT SUFFICIENT SUPPLIES OF WATER ON LINE IN KANSAS NOW TO MEET THE ANTICIPATED WATER SUPPLY DEMANDS, PARTICULARLY OF MUNICIPAL AND INDUSTRIAL USERS, THE NEXT 20 TO 30 YEARS. THE STATE'S RESERVOIR WATER SUPPLY STORAGE WILL BECOME AN ESSENTIAL AND VALUABLE ASSET AS OPTIONS TO DEVELOP NEW GROUNDWATER AND SURFACE WATER SUPPLIES ARE FORECLOSED.

BEFORE I TOUCH ON SOME OF THE MAJOR POLICY RECOMMENDATIONS WITH

Atch. 1

PAGE TWO

REGARD TO THE STATE'S WATER STORAGE ACT, I'D LIKE TO NOTE THAT THERE ARE A FEW TECHNICAL PROBLEMS WHICH WE WILL BE WORKING THROUGH IN THE NEXT WEEK OR SO.

THE MAJOR REVISION IN EXISTING LAW, PROPOSED BY THE AUTHORITY, WOULD ENHANCE THE STATE'S ABILITY TO TRULY MANAGE THE RESERVOIR SUPPLIES IN THE BEST INTEREST OF PROVIDING SUFFICIENT SUPPLIES OF WATER TO MEET THE NEEDS OF THE STATE AS A WHOLE AND ALL ITS WATER USERS. THE PICTURE IS A LARGE ONE, WITH USERS, BOTH LARGE AND SMALL, EITHER CURRENTLY LOOKING FOR ADDITIONAL OR BASIC WATER SUPPLIES; OR CONTEMPLATING FUTURE NEEDS AS SUCH. THERE ARE A HOST OF PROBLEMS ARISING, WHEREBY EXPANDED MANAGEMENT ABILITIES WILL BE NECESSARY IN ORDER TO BE CERTAIN THAT THIS STATE HAS DONE EVERYTHING POSSIBLE TO ALLOCATE AND DISTRIBUTE THE REMAINING WATER SUPPLIES TO SERVE AS MANY USERS AS POSSIBLE.

FOR EXAMPLE, NEWTON IS LOOKING FOR A NEW SUPPLY OF SOME 18 MILLION GALLONS/DAY. THERE IS JUST NO PLACE THAT ONE CAN GO, CURRENTLY, TO ACQUIRE SUCH A LARGE SUPPLY FROM ONE SOURCE. THESE MID-SIZED TO LARGE CITIES WILL NOW BEGIN RAPIDLY TURNING TO RESERVOIRS FOR LARGE SUPPLIES FROM ONE LOCATION. IT IS CRITICAL THAT THIS STATE HAVE THE TOOLS TO ALLOCATE AND DIRECT SALES TO SERVE AS MANY AS POSSIBLE. SMALLER USERS DON'T PRESENT THE SAME PROBLEM, BUT THEIR NEEDS ARE JUST AS IMPORTANT AS THOSE OF LARGER USERS, AND ALL NEEDS MUST BE MET.

THE NEW LANGUAGE SPECIFICALLY ENABLES THE STATE TO DIRECT APPLICANTS OR USERS TO ANOTHER SOURCE OF WATER, ENABLES THE STATE TO REJECT AN APPLICATION OR ENABLES THE STATE TO CONTRACT TO SELL LESS WATER THAN THE APPLICANT REQUESTS AND TO SELL IT UNDER TERMS AND CONDITIONS THAT BEST MEET THE INTEREST OF THE ENTIRE STATE.

PAGE THREE

THESE IMPROVED MANAGEMENT TOOLS, NOT PRESENTLY AVAILABLE, ARE NECESSARY IN THE COORDINATION OF THE STATE'S DEMAND AND SUPPLY SYSTEM OF WATER RESOURCES.

EXISTING LAW HAS PROVIDED NOT REAL GUIDELINES OR MEASUREMENTS FOR DETERMINING WHETHER IT IS IN THE BEST INTEREST OF ALL THE STATE'S WATER USERS TO CONTRACT TO SELL A RESERVOIR SUPPLY. At 82A-1311, SPECIFIC NEW LANGUAGE PROVIDES SOME FRAMEWORK FOR DETERMINING WHETHER A SALE SHOULD PROCEED. IT PROVIDES THAT ONLY WHEN IT IS IN THE PUBLIC INTEREST SHALL WATER BE SOLD.

THERE IS CURRENTLY NO STANDARD FOR MEASUREMENT TO DETERMINE WHETHER A SALE IS TRULY IN THE PUBLIC INTEREST. THE PROPOSED AMENDMENTS ENABLE THE STATE TO RECOVER ACTUAL INVESTMENTS IN ACQUIRING THE WATER SUPPLY IN RESERVOIRS; ENABLE THE STATE TO BEGIN TO ADDRESS THE QUESTION OF HOW TO MAINTAIN, REPLACE AND ENHANCE THE INTEGRITY OF THE RESERVOIR SYSTEM FOR THE WATER PURCHASERS WHOSE FUTURES DEPEND UPON THE LONGEVITY; AND ENABLE THE STATE TO ADJUST ACTUAL AMOUNTS OF WATER CONTRACTED FOR SALE IF THE BUYER DECLINES TO PAY THE FULL PRICE FOR IT WHEN ANOTHER APPLICANT NEEDS TO BUY THE SAME WATER AND IS WILLING TO PAY.

ADDITIONALLY, THE BILL WILL PROVIDE FOR THE AUTHORITY TO DEAL DIRECTLY IN OUT-OF-STATE PURCHASES OR SALES, IF IT IS EVERY PRUDENT OR NECESSARY. CURRENT LAW IS SILENT ON THIS ISSUE.

THE AUTHORITY, IN SENATE BILL 61, HAS ALSO SUGGESTED IMPLEMENTATION OF A NEW PRICING POLICY. THIS POLICY, NOT SUBSTANTIALLY DIFFERENT FROM THE ONE IN THE FORMER SENATE BILL 95 OF THE 1981 LEGISLATIVE SESSION, WILL ALLOW THE WATER STORAGE SYSTEM TO EVENTUALLY BECOME SELF-SUPPORTING.

PAGE FOUR

THE FACTORS INCLUDED IN THE RATE SET BY THE AUTHORITY, ARE DETAILED IN NEW SECTION 7 OF SENATE BILL 61. CONSIDERATION AND INCLUSION OF THESE FACTORS WILL ALLOW THE STATE TO RECOUP THE COSTS IT INCURS IN THE OPERATION OF THE SYSTEM, AND FURTHER PROVIDE FOR A FUND WHEREBY FUTURE GROWTH AND PLANS FOR DEVELOPMENT WILL BE FINANCIALLY POSSIBLE. THE AUTHORITY FEELS THAT THE FORMULA DEVELOPED IS FAIR AND EQUITABLE AND BEST MEETS THE NEEDS OF THE SYSTEM AND ITS USERS.

THIS SUMMARY OF THE PROPOSED BILL INDICATES IMPROVEMENT OF MANAGEMENT ABILITIES AND A FAIR AND EQUITABLE MEANS BY WHICH TO SET RATES ON THE SALE OF WATER FROM THE STATE'S IMPOUNDMENTS.

NOW, I WILL ATTEMPT TO ADDRESS THOSE ISSUES WHICH HAVE ARISEN WITH RESPECT TO THIS LEGSILATION, IN HOPES OF GIVING THE COMMITTEE A CLEARER PICTURE OF SENATE BILL 61 AND ITS CAPABILITIES AS AN EFFECTIVE LAW.

SPECIFICALLY:

--A QUESTION HAS ARISEN AS TO WHETHER THIS PROPOSED LEGISLATION TAMPERS WITH THE DOCTRINE OF "FIRST IN TIME, FIRST IN RIGHT", WHEREBY THE FIRST USERS TO OBTAIN A PERMIT TO APPROPRIATE WATER, ARE THE FIRST IN RIGHT TO USE THE WATER. LET ME CLEARLY STATE THAT THE AUTHORITY DOES NOT PROPOSE ANY CHANGE IN THAT DOCTRINE. THE STATE HAS SATISFIED AND WILL CONTINUE TO SATISFY THE REQUIREMENTS OF THIS DOCTRINE WHEN IT TAKES THE RESERVATION RIGHT ON THE ENTIRE RESERVOIR WATER SUPPLY. IT GETS RIGHT IN LINE AND GETS A NUMBER ON ITS RIGHT. THE CURRENT MARKETING ACT THEN SAYS THAT "TO THE EXTENT CONSISTENT WITH EFFICIENT MANAGEMENT" CONTRACTS WILL BE NEGOTIATED IN THE ORDER THAT THEY ARE RECEIVED. IN OTHER WORDS, WHEN THE STATE GOES TO SUBCONTRACT ITS WATER FOR SALE, IT'S FIRST RESPONSIBILITY,

EVEN UNDER CURRENT LAW, IS EFFICIENT MANAGEMENT OF THAT SYSTEM. CURRENT PRACTICES APPEAR TO HOLD RIGIDLY TO SELLING IN THE ORDER THAT CONTRACTS COME IN. THE AUTHORITY PROPOSES THAT THE FORESIGHT AND PLANNING EXHIBITED BY A CITY IN APPLYING EARLY AT A RESERVOIR BE RECOGNIZED, BUT THAT IT NOT BE THE PREVAILING MEANS OF DETERMINING HOW TO EQUITABLY ALLOCATE AND SELL WATER TO MEET OUR CITIES, INDUSTRIES AND UTILITIES SUPPLY NEEDS.

-- REGARDING THE AUTHORITY'S PROPOSED CHANGES IN PRICING POLICY -- I MUST REITERATE CLEARLY -- THE AUTHORITY APPROACHED PRICING FROM THE STANDPOINT OF WHAT WOULD BE FAIR AND EQUITABLE TO THE CURRENT USERS; AND FROM THE STANDPOINT OF WHAT IS IN THE INTEREST OF THE FUTURE OF THIS STATE. THERE WAS NEVER ANY ATTEMPT TO TRY TO MAKE A PROFIT ON WATER SUPPLY REVENUES. THERE HAVE BEEN ARGUMENTS RAISED THAT THE INTEREST RATE PROPOSAL IS EXCESSIVE OR THAT THE REPLACEMENT COST IS AN EXCESSIVE SURCHARGE. THE AUTHORITY DOES NOT ACCEPT THESE ARGUMENTS. THE INTEREST EARNINGS PROPOSED IN THE BILL -- A RATE EARNED BY THE POOLED MONEY INVESTMENT BOARD -- COVERS THE INTEREST RATE AT WHICH THE FEDERAL GOVERNMENT IS BILLING THE STATE AND THEN PROVIDES RETURN ON MONEY THE STATE HAS ADVANCED TO PUT THIS INTO PLACE TO BE AVAILABLE WHEN THE CITIES OR INDUSTRIES ARE READY TO BUY. THE STATE HAS FOREGONE AN EARNING POTENTIAL TO PROVIDE A VITAL WATER SUPPLY TO THESE USERS. THE AUTHORITY DOES NOT BELIEVE IT IS UNREASONABLE FOR THE STATE TO RECOUP A PORTION OF ITS LOST EARNINGS POTENTIAL, PARTICULARLY WHEN ANY MONEY IT WOULD RECOUP WOULD BE PLOWED BACK INTO THIS RESERVOIR SYSTEM TO ASSURE FUTURE WATER SUPPLIES. REGARDING THE REPLACEMENT CHARGE PROPOSED BY THE AUTHORITY, THE PHILOSOPHY BEHIND THIS PROPOSAL IS THAT THIS STATE MUST BEGIN NOW TO RESPOND TO OUR INEVITABLE ADDITIONAL WATER SUPPLY NEEDS AND THE FEDERAL

PAGE SIX

GOVERNMENT'S MOVEMENT AWAY FROM UNDERWRITING CONTINUED DEVELOPMENT AT A VERY LOW, SUBSIDIZED COST. THE AUTHORITY HAS WRESTLED WITH THE QUESTION OF WHAT KIND OF RESPONSIBILITY THIS STATE HAS TO ITS FUTURE AND THE FUTURE OF ITS PEOPLE. WHAT WILL HAPPEN WHEN, FOR EXAMPLE, LAWRENCE, WICHITA, MCPHERSON, NEWTON AND ANY NUMBER OF OTHER CITIES NEED THE NEXT PHASE OF WATER SUPPLY? MANY YEARS AGO, THE STATE BEGAN PUTTING INTO STORAGE THE WATER THESE CITIES NEED TODAY. THE PURCHASES THEY ARE MAKING NOW, OR PROPOSE TO MAKE NOW, WILL LAST ONLY 20 TO 25 YEARS. WHAT THEN? WE MUST APPRECIATE THAT THEY ARE LITERALLY USING UP A RESERVOIR WATER SUPPLY CAPACITY AND THE AUTHORITY DOES NOT BELIEVE THAT IT IS TOO MUCH TO ASK THEM TO ASSIST IN BEGINNING TO REPLACE A PORTION OF WHAT THEY HAVE TAKEN FOR THE NEXT GENERATION -- FOR THEIR OWN NEXT PHASE OF WATER PURCHASE. THE PROPOSED REPLACEMENT COST IS A BEGINNING. IT BEGINS TO PROVIDE THE STATE SOME ABILITY TO ADDRESS THE FEDERAL GOVERNMENT'S CHANGE IN THE GAME PLAN OF NOW REQUIRING UP-FRONT MONIES BEFORE NEW WORK BEGINS TO ADD ON TO THIS SYSTEM'S TOTAL SUPPLY. THE STATE CAN THEN CONTINUE TO PLAN TO BRING ON LINE THE NEXT PHASE OF WATER SUPPLY THAT WILL BE NEEDED. IT WILL HAVE THE BEGINNINGS OF WORKING CAPITAL TO TAKE THE STEPS NECESSARY.

REGARDING THE AUTHORITY'S PROPOSAL THAT THE STATE CHARGE AT LEAST A RATE OF INTEREST ON THE PORTION OF WATER TIED UP UNDER A CONTRACT BUT UNUSED: THE AUTHORITY BELIEVES THAT THE STATE IS PROVIDING A VITAL SERVICE TO THE WATER PURCHASER. THE STATE PROVIDES, AT A COST TO THE STATE, THE ABILITY FOR A USER TO SECURE ENOUGH WATER IN ONE PLACE TO COVER ITS GROWTH IN WATER NEEDS FOR ABOUT 20 YEARS. UNDER THE CURRENT ACT, THE STATE EARNS NOTHING ON THAT UNUSED WATER TO COVER ITS CONTINUING COSTS. THE AUTHORITY BELIEVES THAT AT A

MINIMUM, THE USERS MUST PAY AT LEAST A CARRYING COST FOR THAN SERVICE.

ANOTHER SECTION OF THE BILL SPECIFICALLY PROVIDES THAT THE STATE WILL EARN A RETURN ON SURPLUS WATERS IT RELEASES TO TIE SOME WATER USERS OVER DURING DROUGHTS OR OTHER SHORTFALLS IN SUPPLY. CURRENTLY, THE AURHORITY UNDERSTANDS THE STATE IS RELEASING THIS WATER FREE OF CHARGE TO THE USERS.

MR. CHAIRMAN, ON BEHALF OF THE AUTHORITY, I WOULD LIKE TO BRING TO YOUR ATTENTION THE FACT THAT THE DRAFT OF THE AUTHORITY'S RECOMMENDATION DROPS OUT THE PROPOSED PRICE FLOOR OF 7.5 CENTS PER 1,000 GALLONS. I WOULD REQUEST THAT YOU RESTORE THAT PROPOSAL. THE AUTHORITY BELIEVES THAT THE STATE HAS ESTABLISHED EXPERIENCE AT THIS RATE. THE AUTHORITY BELIEVES THE STATE SHOULD EARN THIS MINIMUM AMOUNT AND SHOULD NOT RISK INCREASING THE DEMANDS ON GENERAL FUND ASSISTANCE SHOULD A COMPUTER COMPUTATION CHANGE IT. ON BEHALF OF THE AUTHORITY, I WOULD ALSO BRING TO YOUR ATTENTION THE CONCERN THAT THIS DRAFT DOES NOT APPEAR TO PROPOSE DEPOSITING ALL REVENUES INTO THE CONSERVATION FUND AND THEN PAYING DEBTS FROM THAT. THAT WAS THE AUTHORITY'S INTENTION. I BELIEVE THE AUTHORITY IS EXTREMELY CONCERNED THAT THIS FUND BE PROTECTED FOR FUTURE WATER SUPPLY DEVELOPMENT. I BELIEVE THE AUTHORITY WOULD LIKE TO BE SATISFIED, AND WOULD HOPE THAT YOU WOULD WANT TO BE SATISFIED, THAT REVENUES GENERATED BY WATER USERS WILL BE PROTECTED FOR THAT PURPOSE. I WOULD URGE YOU TO EXAMINE THE LANGUAGE IN THE DRAFT BILL ON THIS POINT. ON PAGE 12--NEW SECTION 14-- THE AUTHORITY DOES NOT INTEND TO EXCLUDE DEVELOPMENT OF WATER SUPPLY IN FEDERAL RESERVOIRS. I WOULD STRONGLY URGE THE COMMITTEE TO DELETE THE WORDS AT LINE 0435-- "OTHER THAN FEDERAL RESERVOIRS". IT WOULD APPEAR THAT THOSE WORDS WERE ACCIDENTALLY PICKED UP FROM OLD SENATE BILL 95.

THERE ARE A FEW OTHER QUESTIONS I BELIEVE WE WOULD BRING TO

PAGE EIGHT

YOUR ATTENTION REGARDING THE LANGUAGE OF THE DRAFT; BUT I DO NOT BELIEVE THAT THEY ARE SUBSTANTIAL.

MR. CHAIRMAN, I WOULD CLOSE MY PREPARED REMARKS WITH THIS LAST THOUGHT. WE DO HAVE TWO ENTITIES STANDING BY TO BRING A CONTRACT TO THIS LEGISLATURE. THERE IS SOME URGENCY IN BEING ABLE TO CONTRACT WITH THESE ENTITIES THIS YEAR. IN THE CASE OF ONE, EXISTING SOURCES HAVE DEVELOPED BOTH QUALITY AND YIELD PROBLEMS. THE AUTHORITY PROVIDED, THIS ONE SESSION ONLY, UPON PASSAGE OF A BILL, EFFECTIVE WITH PUBLICATION IN THE KANSAS REGISTER, THAT CONTRACTS COULD BE BROUGHT IN FOR CONSIDERATION BEYOND THE 60TH DAY. IT IS THE AUTHORITY'S UNDERSTANDING THAT YOU DID NOT WANT TO CONSIDER A CONTRACT THAT DID NOT REFLECT NEW STATUTORY LANGUAGE.

THE AUTHORITY HAS WORKED DILIGENTLY WITH THE LEAGUE OF MUNICIPALITIES, WITH INDIVIDUAL CITY'S CONCERNS AND WITH OTHERS INTERESTED IN THIS LEGSILATION TO DEVELOP A FAIR AND EQUITABLE MEANS OF PROCEEDING. THE AUTHORITY WILL ASSIST YOU IN ANY WAY IT CAN TO REACH AGREEMENT AMONG ALL INTERESTS TO ENACT A BILL THIS SESSION AND TO PROCEED TO CONSIDER SOME CONTRACTS TO MEET IMMEDIATE NEEDS.

THANK YOU, MR. CHAIRMAN. I WILL BE PLEASED TO ANSWER ANY QUESTIONS YOU MAY HAVE.