

**MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.**

The meeting was called to order by Senator August "Gus" Bogina, Chairperson, at 11:10 a.m. on April 6, 1992 in Room 123-S of the Capitol.

All members were present except:

Senator Brady, who was excused

Conferees appearing before the committee:

Representative George Dean  
Gloria Timmer, Director, Division of the Budget  
Karl Muedener, Director, Bureau of Water  
Dennis Schwartz, Kansas Rural Water Association  
Dick Pelton, Chairman, Water Utility Council

It was moved by Senator Doyen and seconded by Senator Hayden that the minutes of March 25, 26 (a.m.), 30 and 31, 1992 be approved. The motion carried.

**INTRODUCTION OF BILLS**

It was moved by Senator Doyen and seconded by Senator Gaines that 1 RS 2998 be introduced. The motion carried.

Senator Feleciano moved, Senator Doyen seconded, that bill draft 1 RS 2995, 1 RS 2992, 1 RS 2996, 1 RS 2988 be introduced. The motion carried.

**HB 2578 - Joint committee on computers and telecommunications established.**

Representative George Dean appeared before the Committee in support of **HB 2578** and stated that the bill was recommended by the House Computers, Communication and Technology Committee. He explained the membership of the proposed committee and stated that the intent would be to provide oversight of computer and software purchases. In answer to the Chairman, he stated that off-budget items would be included. Representative Dean, in answer to a question, stated that he would not object to recommending that the membership of the committee be comprised of 3 members from each house. Senator Gaines queried whether the bill required that agencies have committee approval before acquiring computers. The Representative stated that the bill did not include that language, but he believed it should.

Jean Turner, Division of Information Systems and Communications, stated that the agency supported **HB 2578**.

It was moved by Senator Rock and seconded by Senator Feleciano that **HB 2578** be amended by recommending that the size of the committee be reduced from eight members to six and that the House Appropriations and the Senate Ways and Means Committees be represented on the committee. The motion carried.

Senator Feleciano moved, Senator Gaines seconded, that **HB 2578** as amended be recommended favorable for passage. The motion carried.

**HB 2674 - State employees leave payment reserve fund established for payment of state employee accumulated annual leave or sick leave.**

Norman Furse, Revisor of Statutes, explained that the bill was proposed by the Interim Legislative Budget Committee and would create a state leave payment reserve fund for the purpose of providing payment of sick leave on retirement from state service. He noted that some small agencies had experienced difficulty in setting aside a certain amount of the total payroll for this purpose as requested by Administration for FY93. He said that under the provisions of this bill, a small percentage of total salaries and wages would be set aside for this purpose.

Gloria Timmer, Director, Division of the Budget, told the Committee that the .23% rate was determined by calculating the amount paid out in the past. She noted that the rate includes a contingency for cash flow purposes which would not be included in the formula after the first year. The Chairman remarked

that there could be some inequity in the case of a fee agency that has a longterm employee. In answer to Senator Hayden, Ms. Timmer stated that annual leave was deleted from the bill because the agency preferred to work with the smaller amounts involved in retirement and gain experience with a "pilot program."

In answer to a question, Ms. Timmer stated that agencies whose sole funding source was federal dollars might lose their funding under this proposed legislation. Senator Doyen requested that Ms. Timmer determine that there was sufficient money in the fund to pay those employees who are ready to retire before the bill reaches the Senate floor. It was moved by Senator Feleciano and seconded by Senator Parrish that the bill be conceptually amended to exclude the council on vocational education. The motion carried.

Senator Feleciano moved, Senator Rock seconded, that HB 2674 as amended be recommended favorable for passage. The motion carried on a roll call vote.

It was moved by Senator Doyen and seconded by Senator Kerr that bill draft 1 RS 3014 be introduced. The Chairman noted that the bill provides for a state pay plan exactly like the Governor had recommended and noted that he planned to hear the bill. The motion carried.

Chairman Bogina explained that the Committee of the Whole had killed a transportation bill because of an amendment and requested the reintroduction of the basic bill. It was moved by Senator Hayden and seconded by Senator Gaines that bill draft 1 RS 3021 concerning duplicate drivers' licenses be reintroduced. The motion carried.

**HB 3167 - Public water supplies, fees for regulatory activities of department of health and environment.**

Karl Mueldener, Director, Bureau of Water, appeared before the Committee in support of HB 3167 and reviewed Attachment 1. He stated that the monitoring requirements are federal law and that within one year all water systems will be monitored for chemicals.

Dennis Schwartz appeared before the Committee and reviewed Attachment 2. He noted that the Rural Water Association supports the bill with the amendment contained in Attachment 2-2. In answer to a question, he stated that the money generated by the bill would pay the state's share of the monitoring costs, although the system or user would have to pay in the end.

Dick Pelton, American Water Works Association, reviewed Attachment 3 in support of HB 3167 with the proposed amendments. He explained that without the advisory council, he would not want the cap to be raised. Senator Kerr noted that the original request called for more FTEs and, because of uncertainty, he favored Legislative oversight rather than raising the cap. In answer to a question, Mr. Pelton stated that the average cost to a consumer family of four would be four cents per month.

Written testimony from Byron Johnson, General Manager of Water District No.1 of Johnson County was distributed to the Committee (Attachment 4).

The Chairman noted that discussion on HB 3167 would be continued on April 7, 1992 and adjourned the meeting at 12:25 p.m.



State of Kansas

Joan Finney, Governor



Department of Health and Environment

Azzie Young, Ph.D., Secretary

Reply to:

Testimony presented to

Senate Ways and Means Committee

by

The Kansas Department of Health and Environment

House Bill 3167

The Department of Health and Environment requests this bill to fund an expansion of the State's public water supply program. This request is consistent with efforts of cabinet level agencies and appropriations committees to develop fees to support State programs. Funds generated by these fees would go to a new fee fund to be used by the water supply program.

The fees were requested to cover the salary and operating expenses for five FTEs in the Bureau of Water for a program to detect and regulate lead, copper, and pesticides in drinking water. The new personnel would provide technical training and assistance to water suppliers on the new federal rules, develop waiver criteria, grant waiver requests, develop monitoring schedules, evaluate compliance with the rules, and provide technical guidance to supplies in corrosion control, treatment technology, and solving supply problems.

The rural nature of our State is clearly reflected by the size of our public water systems. Of approximately 1,150 systems, 92% serve a population of less than 3,300; and 53% of the systems serve less than 500 people. Small systems are less able to keep up with growing managerial and regulatory demands. Small systems, usually cities and rural water districts, are often unaware of state and federal regulation impacting their operation. KDHE routinely assists local operators and managers on water supply issues. Systems will violate regs or standards simply due to not knowing better. Suppliers struggle to properly disinfect in order to control viruses and bacteria, yet must minimize formation of carcinogenic by-products (THMs). Over the last five years, we have closed approximately 50 supply wells after detection of volatile organic chemicals (VOCs). Obviously, this causes concern since we all consume the product. Economic and management viability of water systems are issues now being examined. Water systems are largely responsible for advancing this country's public health. The rural flavor of our state, with over 90% of our water supplies serving less than 3,300 people, indicates help is needed by small utilities in meeting today's challenges.

SWAM  
April 6, 1992  
Attachment 1

We believe expansion of KDHE's public water supply program is desirable and necessary. Desirable since the expanded program would provide technical assistance to Kansas water supplies in meeting the public's expectations for assuring excellent quality drinking water. Necessary because it allows the State to continue primacy for the federal program. The proposed program allows Kansas to meet this growing challenge while providing technical assistance to water utilities, particularly those with contamination problems.

This program expansion is primarily aimed at monitoring and controlling pesticides, lead and copper. Health impacts of pesticides in our drinking water is an issue of long-term or chronic risk. The risk protection levels for drinking water contaminants are very stringent and sometimes controversial. Regardless of debate over long-term health impacts, we believe increased monitoring provides valuable base-line data for future generations and builds public confidence in the integrity of Kansas water utilities.

Lead in our tap water is a potentially more serious public health concern than organics, especially as lead mostly impacts infants and children. Food and tap water are the largest contributor of lead to the general public. Water suppliers tend to be frustrated with the issue of lead in tap water, as lead is usually introduced by home plumbing not necessarily under the immediate control of the utility. The lead sampling program will assist utilities in identifying and responding to health concerns with lead, as well as complying with the tough new federal requirements.

A major driving force is the Safe Drinking Water Act and subsequent regulations. Kansas, through KDHE primacy, has responsibility for implementation of the federal public water supply program. Regardless of the above-stated public health or technical assistance reasons, Kansas needs more resources to implement the new federal requirements. The federal program is here and will not go away. We believe there is support for continued State primacy. This fee-funded expansion allows for continued primacy, expansion of technical assistance programs, and to assist Kansas suppliers in meeting tough new federal standards. We believe the State, and especially small systems, will both benefit. Establishment of a public water supply fee will generate the revenue necessary to pay for this expansion without placing an additional demand on the State General Fund.

A very significant and valuable service often taken for granted is the accessibility and high quality laboratory services provided utilities by KDHE. This proposal would be accompanied by expanded laboratory services to address more pesticides and lead and copper at greater sampling frequencies. Because safe drinking water is a major public health priority, KDHE provides quality state-of-the-art laboratory analysis for water supplies at the actual cost of service.

We anticipate developing a fee regulation based on recovering at least \$200,000 annually. We would propose an annual fee based on retail water sales. A fee of 0.2 cents per 1,000 gallon would yield roughly \$200,000. We believe the fee per 1,000 gallon is fair as each customer would be equally charged based on use. Large systems with more customers would pay a larger fee, but the charge per customer is uniform statewide based on usage. Raising \$200,000 using the 0.2 cents/1,000 gallon fee would cost a typical house two cents per month (assumes three people per house and 100 gallon per person per day).

Testimony presented by: Karl W. Muedener  
Director, Bureau of Water  
April 6, 1992

FISCAL IMPACT

WATER SUPPLY FEE

SAMPLE UTILITY		UTILITY PAYS ANNUALLY		
POPULATION	METERS	@ 10 CENTS/PERSON	@ 32 CENTS/METER	@ 0.2 CENTS/M WATER SALES
100	31	\$ 10	\$ 10	\$ 11
500	156	50	50	55
1,000	313	100	100	110
3,000	938	300	300	330
5,000	1,563	500	500	550
10,000	3,125	1,000	1,000	1,100
50,000	15,625	5,000	5,000	5,500
142,000	46,000	14,200	14,720	15,550 (20,317*)
289,000	96,000	28,900	30,720	31,646 (35,000*)

\* Based on actual use not 150 gpcd.

Assumptions: Recover \$200,000, 2 million on systems, 3.2 people per meter or 675,000 meters statewide, 150 gpcd average  
 JO Co. serves 289,000 people on 96,000 meters  
 Topeka serves 142,000 people on 46,000 meters

Kansas Dept. of Health & Environment  
 Karl W. Mueldener  
 3/21/92



KANSAS  
RURAL  
WATER  
*association*

Quality water, quality life

P.O. Box 226 • Seneca, KS 66538 • 913/336-3760 • FAX 913/336-2751

**TESTIMONY ON HOUSE BILL 3167  
BEFORE THE SENATE WAYS AND MEANS COMMITTEE**

April 6, 1992

Mr. Chairman and Members of the Committee, thank you for the opportunity to present testimony on House Bill 3167. My name is Dennis Schwartz; I am a member of the Board of Directors of the Kansas Rural Water Association. The Association provides training and on-site technical assistance to cities and rural water districts, mobile home parks and other community water systems.

In 1991, KRWA has provided assistance to 217 individual water districts and 245 individual cities. Types of assistance involve leak detection work on water systems and a wide variety of other operational, management and administrative issues. As a result of the Association's regular and on-going contact with municipal and rural water systems across the State, we are extremely familiar with the respective operations -- the people and often the politics -- of the majority of the water utilities. As a facilitator of more than 60 training sessions in 1991, the KRWA continues to emphasize the responsibilities cities and water districts have in meeting water quality standards. Water utilities are generally aware of the increasing federal water quality regulations for water utilities.

Our Association asks for your support of HB 3167. Cities and water districts want the Kansas Department of Health & Environment to maintain primacy for all the regulations mandated under the federal Safe Drinking Water Act. Public water systems understand that the 1974 Safe Drinking Water Act is in fact the law of the land; we support it as a guarantee that any person drinking water from any public system in America can be assured of consistent quality standards. Public water systems also generally recognize that the new regulations require additional resources.

House Bill 3167 would authorize a user fee from public water supplies to supplement funding of the State's drinking water primacy program. According to the National Rural Water Association, approximately 30 states have implemented various versions of similar fees to help their state agencies maintain primacy and to provide additional technical assistance to public water systems.

The Kansas Rural Water Association supports the concepts of such a user fee in Kansas. We however, ask that this legislation be amended to provide the following:

- That this user fee be limited to not exceed \$ .01 per thousand gallons of water sold at retail;
- That an advisory committee be established to recommend the amount of the fee and services to be provided by the fee; we respectfully suggest this committee include one representative each from the Kansas Section American WaterWorks Association, Kansas Rural Water Association, and the Kansas Water Office.

The Kansas Rural Water Association supports this bill with these amendments. The Association has widely publicized the need for this user fee to every city and water district in the state. At our recent annual conference at Wichita, this potential legislation was openly discussed in several forums. Cities and water districts unanimously support this bill because of what it will accomplish. I emphasize the support this bill has from cities and water districts.

Respectfully submitted,

Dennis F. Schwartz  
Director, Kansas Rural Water Association

SWAM  
April 6, 1992  
Attachment 2



Amendments for House Bill No. 3167

After line 39, by inserting:

"(e) There is hereby created an advisory committee to make recommendations regarding fees to be adopted by the secretary under subsection (d) and to advise the secretary regarding expenditure of moneys in the public water supply fee fund created by section 2. Such advisory committee shall consist of one member appointed by the secretary to represent the Department of Health and Environment, one member appointed by the director of the Kansas Water Office to represent such office and two members appointed by the secretary as follows: One from three nominations submitted by the Kansas Section of the American Waterworks Association, and one from three nominations submitted by the Kansas Rural Water Association. Members of the advisory committee shall serve without compensation or reimbursement of expenses."

On page 3, in line 7, after the period, by inserting "The advisory committee established by K.S.A. 65-163 and amendments thereto shall advise the secretary regarding expenditures from the fund."

On page 2, in line 31, by striking all before "per" and inserting "Before adoption of any such rule and regulation or any amendment thereto, the secretary shall seek the recommendations of the advisory committee created by subsection (e) regarding the fee to be established. No such fee shall exceed \$.01".

HOUSE BILL 3167

Chairman Bogina and committee members, thank you for the opportunity to present information on House Bill 3167.

I am Dick Pelton, Chairman of the Water Utility Council of the Kansas Section American Water Works Association.

Currently the State of Kansas is providing primacy for the administration and enforcement of the state's safe drinking water regulation through the Kansas Department of Health and Environment. To continue providing primacy, the Kansas Department of Health and Environment has identified a need for additional personnel and equipment to administer and enforce the lead and copper and Phase II (SOC/IOC) rules.

The Kansas Section feels it is imperative for the State to retain primacy so local conditions can be addressed.

Further, we recognize with additional regulations additional funds are required.

The House revisions to HB 3167 would authorize the secretary to establish user fees to be remitted to a dedicated fund for administration and enforcement of the state's safe drinking water regulations.

The Kansas Section supports the dedication of the water users' fees to support the states primacy activities.

The Kansas Section recommends the amount of the fee and service provided by the state from this funding source should be identified with input from a technical advisory committee composed of KDHE water utility personnel and water consumers. Further, the Kansas Section recommends a rate cap of one cent (\$0.01) per thousand (1000) gallons of retail sales be established.

In closing, the Kansas Section American Water Works Association encourages the state to retain primacy over drinking water regulations. We support the KDHE's need for additional funding to implement additional regulations. Further, we recommend a rate cap be established to control the financial impact on water consumers.

Thank you.

SWAM  
April 6, 1992  
Attachment 3

# WATER DISTRICT NO. 1 OF JOHNSON COUNTY



5930 Beverly — Mission, Kansas 66202  
Mailing Address: P.O. Box 2921, Mission, Kansas 66201

Tel. (913) 722-3000  
FAX (913) 262-0375

## POSITION STATEMENT ON HOUSE BILL 3167 BEFORE THE SENATE WAYS AND MEANS COMMITTEE April 6, 1992

Water District No. 1 of Johnson County supports HB3167 as it is currently amended.

### We support:

1. A rate cap of \$.002 per 1,000 gallons of water sold at retail.
2. Establishment of a dedicated fund for administration and enforcement of Safe Drinking Water Regulations.
3. Creation of a technical advisory committee if the cap exceeds \$.002 per 1,000 gallons.

### We oppose:

1. A cap of \$.01 per 1,000 gallons of water sold at retail without the creation of a technical advisory committee to recommend services to be provided by the fee.

submitted by:

Byron Johnson, General Manger  
Water District No. 1 of Johnson County

4-6-92

*SWAM  
April 6, 1992  
Attachment 4*