

## MINUTES OF THE HOUSE ENVIRONMENT COMMITTEE

The meeting was called to order by Chairperson Joann Freeborn at 3:30 P.M. on January 17, 2006 in Room 231-N of the Capitol.

All members were present except:

Representative Bill Light- excused

Committee staff present:

Raney Gilliland, Legislative Research Department

Lisa Montgomery, Revisor of Statutes Office

Conferees appearing before the committee:

Bill Bider, Director, Bureau of Waste Management, Kansas Department of Health and Environment

Karl Mueldener, Director, Bureau of Water

Others attending:

See attached list.

Chairperson Freeborn announced a change on the agenda for Thursday, January 19, bill requests will be taken and there will be a hearing on **HB2558 - Conservation and environmental protection or encroachment restriction districts**. Anyone wanting to give testimony, please call secretary at 296-7645.

Chairperson Freeborn introduced Bill Bider, Director, Bureau of Waste Management, Kansas Department of Health and Environment to give an agency overview of the Department of Health and Environment Solid Waste Program. Mr. Bider announced that there was some confusion regarding a bill being heard in the Senate on Thursday, a solid waste bill, he wanted to clarify that it was not a Kansas Department of Health bill. Three pages were handed out (See attachment 1) that will provide information regarding household hazardous waste program and an overview of the solid waste program. Separate reports are given each year to the legislature for these two programs. He started with the household hazardous waste program, it started in 1989. What this program does is provide grants for start up and enhancements of local county program. Permits are required for permanent collection centers, they do inspections and training of operators. 2005 grants were \$110K, which is half of what it used to be. Discussion and questions followed Mr. Bider's overview of the household hazardous waste program.

Mr. Bider continued with an overview of the Solid Waste Program, there are 453 solid waste facilities in the state of Kansas. Uses for the solid waste management fund include labor and staff, grants, reviewing plans, inspecting facilities, remediation at closed facilities, emergency clean up, public education, disposal of abandoned hazardous waste, government grant advisory committee expenses, clean up of illegal dumps, special waste collection events, disposal of hazardous waste from natural disasters. Revenue sources for the program, landfill tonnage fees, permit fees, interest on fund balance. Priorities for solid waste fund: permits, inspections, clean up work, training, waste sweeps, education, grants. The plan is to spend what is taken in. Discussion and questions followed Mr. Bider's overview of the solid waste program.

Chairperson Freeborn introduced Karl Mueldener, Director, Bureau of Water, who gave a briefing on the Kansas Revolving Loan Program and the Water Pollution Control and Public Water Supply Program briefing (See attachment 2). Kansas Department of Health and Environment administers two water related funds. One for municipal wastewater works and the other for municipal drinking water works. The funds are commonly called the State Revolving Fund (SRF). SRF's are a way for the state to help communities finance construction of local sewage and drinking water infrastructures. Loans are at below market rates. Attachment lists projects funded by SRF in 2005 and projects planned if funding available. Discussion and questions followed Mr. Mueldener's briefing.

Mr. Mueldener mentioned that someone from Kansas Development and Finance Authority should be bringing a bill regarding cross collateralization, suggested blending to back up each other.

Chairperson Freeborn announced that out of special committee on energy came some recommended legislation that was requested to be committee bills. Chairperson Freeborn had some drafts she had just

## CONTINUATION SHEET

MINUTES OF THE House Environment Committee at 3:30 P.M. on January 17, 2006 in Room 231-N of the Capitol.

received from Mary Torrence. Representative Sloan moved to introduce the 6 bill drafts in hand from Marry Torrence, Representative Sloan withdrew motion.

Chairperson Freeborn has a concurrent resolution dealing with petitioning the federal government to remove the moratorium on drilling on the outer continental shelf for natural gas supplies, and the reason for this is it is forcing industries like nitrogen fertilizer to move production to other countries which creates a threat to our food supply also driving up costs for production on both dry land and irrigated farms. Moved and seconded, motion carried.

Another draft is for an act to form a joint committee on Kansas energy, this lays out the format for membership on the committee. Representative Olson moved to introduce this bill and Representative George seconded, motion carried

Another draft is for an act on thermal efficiency disclosure, this has to do with disclosure to buyers or perspective buyers of any residential structure for sale and it lays out what type of information must be disclosed under those situations. Representative Olson moved to introduce this bill and Representative Knox seconded, motion carried.

Another draft is for the Kansas Energy Policy Act and establishes a policy advisory group and lines out the powers and the membership and the times of meetings to develop and update a strategic plan. Representative Sloan moved to introduce this bill and Representative Olson seconded, motion carried.

Another draft resolution on the banning of MTBE by the year 2010. It recommends an ethanal blended gasoline being environmentally friendly and safer. Representative Hawk moved to introduce this bill and Representative George seconded, motion carried.

Another draft resolution recommending that the Turnpike Authority do contracts which include marketing of alternative fuels. Representative Hawk moved to introduce this bill and Representative Olson seconded, motion carried.

Chairperson Freeborn adjourned. Next meeting scheduled for Thursday, January 19th.

HOUSE ENVIRONMENT COMMITTEE GUEST LIST

DATE: 01/17/06

NAME	REPRESENTING
JOHN C. BOTTENBERG	Bottenberg Assoc
Rod Kusin	KS Dept HWM/HRM
Andy Shaw	Waste Mgmt
Daisy Muler	KAC
Karl Mueldeiner	KDHE
Ron Hammerschmidt	KDHE
Shawn Henick	KLA/MATDA
Bill Bider	KDHE
SEAN MILLER	KS Dairy Assn
ROGER RANDALL	KCPL
Lindsay Douglas	Hein Law Firm
Mary Jane Stankiewicz	KGFA/KARA
Dale Waldo	KDHE



# Summary of Kansas Household Hazardous Waste Program

Prepared by the KDHE Bureau of Waste Management

For presentation to

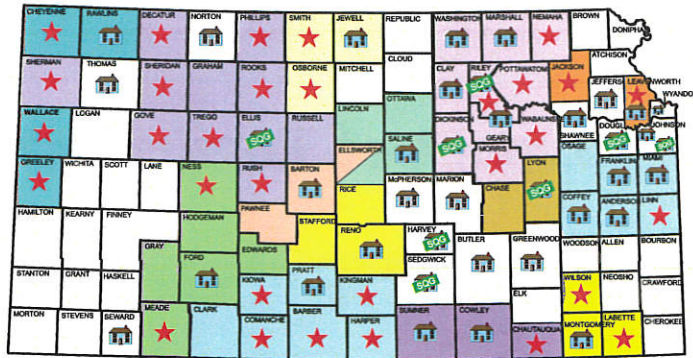
House Environment Committee, 2006

Initiation of State Program - 1989

- State program areas:
- Grants for start-up or enhancement
  - Permits required for permanent collection centers
  - Operating regulations
  - Training for operators

## FY 2005 Grants (Total Grants - \$109,965)

- City of Lawrence - \$33,689, building improvements, one time mercury project
- Pottawatomie County - \$1,200, special cabinets for satellite storage
- Sunflower RC&D - \$11,147, partial construction of Barber County facility
- Johnson County - \$46,280, building improvements at facility
- NEK Environmental Services- \$9,800, special collection events in Doniphan Cty
- Lake Region SW Authority - \$7,850, enhancements to facilities in FR, MI, AN



Permanent Facilities (38) Permanent Facilities with SQG (8) Satellite Facilities (31)

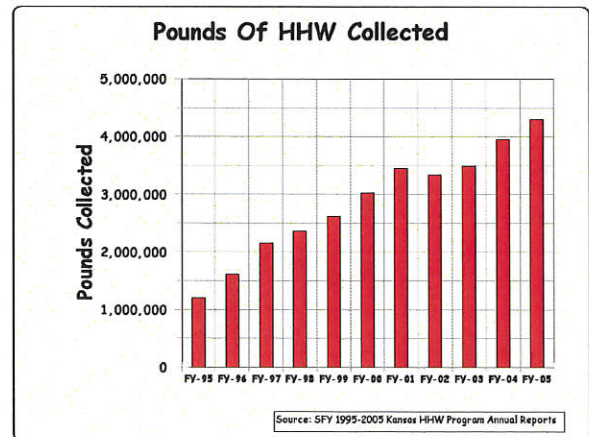
Shaded Counties are part of a Region

### EPA quote:

"We were particularly impressed with the progress of the Kansas Household Hazardous Waste program..... The program now serves 93 percent of the population of Kansas through a combination of satellite and permanent collection facilities which is an outstanding accomplishment. **The steady expansion and promotion of the program has resulted in the most extensive network of facilities in any state in the country.** We will recommend that this program be evaluated for scale up on a national level."

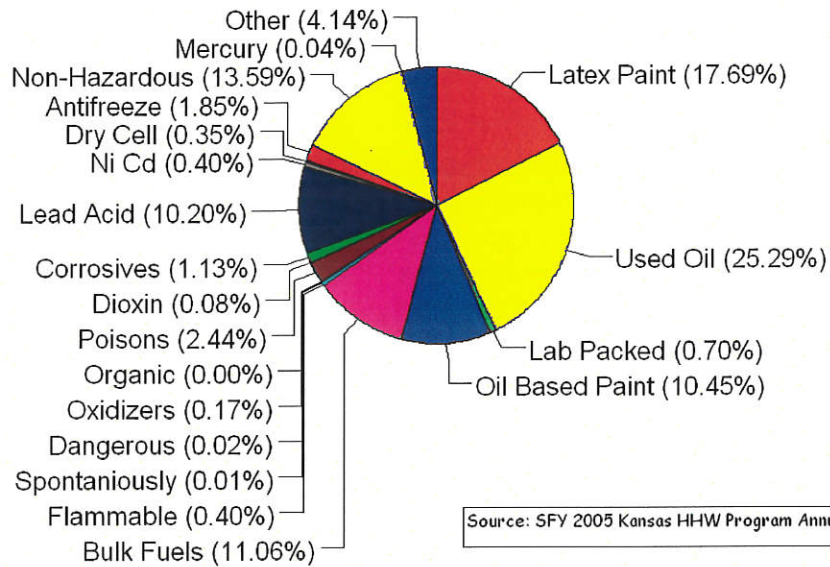
**William A. Spratlin**

Director, Air, RCRA and Toxics Division  
U.S. EPA, Region 7

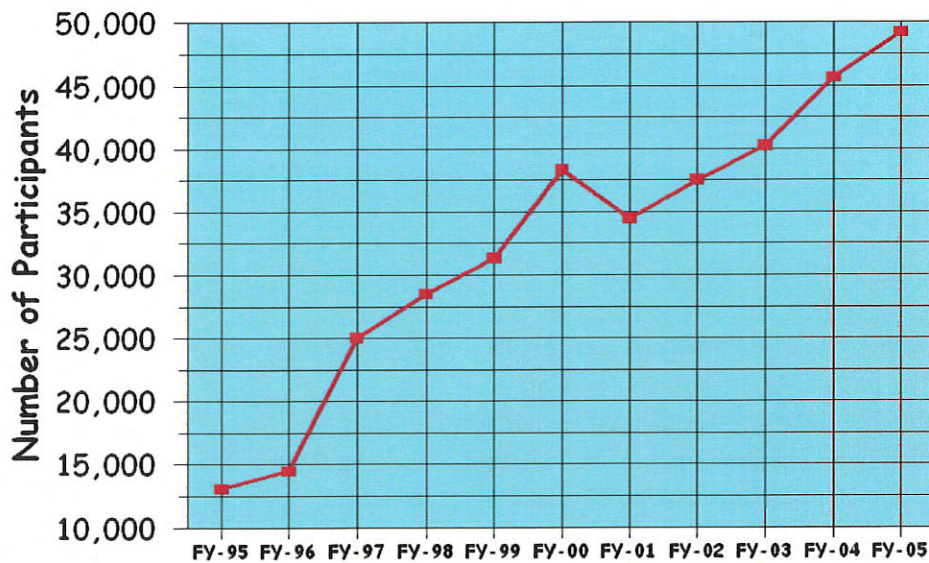


# % of HHW Collected by Waste Category

in SFY 05



## Number of Participants



Source: SFY 1995-2005 Kansas HHW Program Annual Reports



**Solid Waste Mangement Fund Grant Awards**  
and Solid Waste Tonnage Fees for Eash County  
(includes public and private sector grants)  
July 1, 1993 - January 12, 2006

COUNTY	PLAN			HHW, AG		TOTAL GRANT	
	IMPLEMENTATION	PLANNING	BASE	PESTICIDE, SQG	DOLLARS AWARDED	TONNAGE FEES	
ALLEN	\$12,692.00	\$29,437.00	\$6,388.00	\$0.00	\$48,517.00	\$435,981.58	
ANDERSON	\$101,595.00	\$35,208.00	\$5,000.00	\$31,972.40	\$173,775.40	\$21,837.70	
ATCHISON	\$0.00	\$26,993.81	\$0.00	\$0.00	\$26,993.81	\$121,389.80	
BARBER	\$71,876.72	\$46,055.00	\$4,985.00	\$25,518.83	\$148,435.55	\$134,633.36	
BARTON	\$317,182.00	\$0.00	\$0.00	\$24,123.00	\$341,305.00	\$495,519.57	
BOURBON	\$66,085.00	\$29,437.00	\$6,389.00	\$0.00	\$101,911.00	\$58,121.50	
BROWN	\$20,000.00	\$38,700.00	\$0.00	\$0.00	\$58,700.00	\$37,073.81	
BUTLER	\$655,101.00	\$39,000.00	\$0.00	\$87,400.00	\$781,501.00	\$621,126.45	
CHASE	\$70,028.00	\$0.00	\$8,750.00	\$0.00	\$78,778.00		
CHAUTAUQUA	\$0.00	\$47,996.00	\$0.00	\$18,586.67	\$66,582.67	\$4,280.66	
CHEROKEE	\$50,000.00	\$29,437.00	\$6,389.00	\$0.00	\$85,826.00	\$2,897,211.96	
CHEYENNE	\$55,256.00	\$66,452.40	\$0.00	\$11,122.05	\$132,830.45	\$23,096.83	
CLARK	\$30,000.00	\$46,056.00	\$4,986.00	\$0.00	\$81,042.00	\$29,750.32	
CLAY	\$73,283.00	\$16,959.00	\$4,267.06	\$21,539.19	\$116,048.25	\$77,009.04	
CLOUD	\$132,800.00	\$38,557.65	\$4,980.00	\$0.00	\$176,337.65	\$64,603.20	
COFFEY	\$82,094.00	\$35,208.00	\$5,000.00	\$31,972.42	\$154,274.42	\$105,816.54	
COMANCHE	\$65,971.71	\$46,056.00	\$4,986.00	\$25,518.83	\$142,532.54	\$3,743.39	
COWLEY	\$249,143.00	\$47,997.00	\$0.00	\$32,684.67	\$329,824.67	\$622,970.60	
CRAWFORD	\$254,917.00	\$29,437.00	\$6,389.00	\$12,750.00	\$303,493.00	\$1,696,301.60	
DECATUR	\$21,256.00	\$44,896.29	\$0.00	\$18,840.60	\$84,992.89	\$30,711.16	
DICKINSON	\$66,000.00	\$68,515.00	\$6,250.00	\$42,539.20	\$183,304.20	\$74,539.94	
DONIPHAN	\$20,200.00	\$26,993.81	\$0.00	\$9,800.00	\$56,993.81	\$21,878.83	
DOUGLAS	\$498,282.00	\$45,000.00	\$0.00	\$118,651.86	\$661,933.86	\$0.00	
EDWARDS	\$56,000.00	\$41,141.39	\$0.00	\$410.65	\$97,552.04	\$24,430.29	
ELK	\$33,135.00	\$0.00	\$0.00	\$6,000.00	\$39,135.00	\$6,083.95	
ELLIS	\$215,484.75	\$44,896.29	\$0.00	\$37,321.09	\$297,702.13	\$102,526.45	
ELLSWORTH	\$192,813.25	\$38,558.00	\$0.00	\$0.00	\$231,371.25	\$20,660.18	
FINNEY	\$105,973.26	\$32,232.00	\$0.00	\$0.00	\$138,205.26	\$993,645.37	
FORD	\$185,295.00	\$41,142.00	\$0.00	\$410.67	\$226,847.67	\$548,769.80	
FRANKLIN	\$90,061.00	\$35,208.00	\$5,000.00	\$31,972.42	\$162,241.42	\$96,090.77	
GEARY	\$0.00	\$5,537.00	\$0.00	\$21,539.20	\$27,076.20	\$36,835.21	
GOVE	\$100,000.00	\$44,896.29	\$0.00	\$6,518.00	\$151,414.29	\$19,286.60	
GRAHAM	\$0.00	\$44,896.29	\$0.00	\$6,749.11	\$51,645.40	\$37,027.20	
GRANT	\$166,948.77	\$32,232.00	\$0.00	\$0.00	\$199,180.77	\$36,319.17	
GRAY	\$95,250.00	\$32,232.00	\$0.00	\$410.67	\$127,892.67	\$13,659.78	
GREELEY	\$55,000.00	\$66,452.40	\$0.00	\$11,122.05	\$132,574.45	\$18,459.95	
GREENWOOD	\$17,800.00	\$24,000.00	\$0.00	\$493.00	\$42,293.00	\$58,162.28	
HAMILTON	\$0.00	\$32,232.00	\$0.00	\$0.00	\$32,232.00	\$21,284.45	
HARPER	\$445,019.52	\$46,056.00	\$4,986.00	\$44,940.72	\$541,002.24	\$27,554.96	
HARVEY	\$314,122.50	\$29,500.00	\$6,250.00	\$44,000.00	\$393,872.50	\$449,171.94	
HASKELL	\$25,000.00	\$32,232.00	\$0.00	\$0.00	\$57,232.00	\$46,436.40	
HODGEMAN	\$33,469.00	\$48,402.00	\$0.00	\$410.67	\$82,281.67	\$25,145.48	
JACKSON	\$74,000.00	\$0.00	\$5,000.00	\$4,845.00	\$83,845.00	\$15,375.02	
JEFFERSON	\$0.00	\$45,000.00	\$0.00	\$14,665.01	\$59,665.01	\$4,559,828.65	
JEWELL	\$68,147.95	\$38,558.00	\$4,902.00	\$0.00	\$111,607.95	\$7,066.46	
JOHNSON	\$1,028,408.75	\$0.00	\$0.00	\$385,452.00	\$1,413,860.75	\$20,788,639.64	
KEARNY	\$293,000.00	\$39,732.00	\$0.00	\$0.00	\$332,732.00	\$49,041.60	
KINGMAN	\$18,017.71	\$35,945.33	\$0.00	\$25,518.83	\$79,481.87	\$11,318.09	
KIOWA	\$45,182.71	\$46,056.00	\$4,986.00	\$25,518.83	\$121,743.54	\$14,378.41	
LABETTE	\$101,250.00	\$29,437.00	\$6,389.00	\$25,714.23	\$162,790.23	\$61,940.32	
LANE	\$53,320.00	\$32,232.00	\$0.00	\$0.00	\$85,552.00	\$13,195.23	
LEAVENWORTH	\$264,883.65	\$40,000.00	\$15,000.00	\$25,284.00	\$345,167.65	\$75,951.45	
LINCOLN	\$0.00	\$38,558.00	\$5,000.00	\$0.00	\$43,558.00	\$4,461.10	
LINN	\$82,096.00	\$35,208.00	\$5,000.00	\$31,972.42	\$154,276.42	\$19,859.53	
LOGAN	\$28,756.00	\$44,896.29	\$0.00	\$0.00	\$73,652.29	\$37,117.20	
LYON	\$267,800.00	\$0.00	\$8,750.00	\$114,521.25	\$391,071.25	\$198,497.21	
MARION	\$101,792.00	\$62,978.63	\$6,250.00	\$41,142.00	\$212,162.63	\$67,970.04	
MARSHALL	\$53,637.00	\$5,537.00	\$0.00	\$21,539.20	\$80,713.20	\$120,985.38	
MCPHERSON	\$106,500.00	\$29,500.00	\$6,250.00	\$0.00	\$142,250.00	\$328,664.81	
MEADE	\$48,387.00	\$32,232.00	\$0.00	\$410.67	\$81,029.67	\$7,990.50	
MIAMI	\$529,596.00	\$35,209.00	\$5,000.00	\$115,568.51	\$685,373.51	\$68,875.41	
MITCHELL	\$60,895.50	\$38,558.00	\$5,000.00	\$0.00	\$104,453.50	\$25,860.62	
MONTGOMERY	\$56,000.00	\$29,437.00	\$6,389.00	\$33,345.00	\$125,171.00	\$1,186,681.47	
MORRIS	\$93,300.00	\$5,537.00	\$5,000.00	\$21,539.20	\$125,376.20	\$1,301.13	
MORTON	\$15,366.00	\$29,521.70	\$0.00	\$0.00	\$44,887.70	\$29,587.50	
NEMAHA	\$355,096.06	\$44,237.00	\$5,000.00	\$21,539.20	\$425,872.26	\$16,790.84	
NEOSHO	\$141,500.00	\$29,437.00	\$6,389.00	\$0.00	\$177,326.00	\$244,512.93	
NESS	\$31,254.00	\$32,233.00	\$0.00	\$410.66	\$63,897.66	\$27,464.40	
NORTON	\$0.00	\$44,896.29	\$0.00	\$0.00	\$44,896.29	\$24,456.95	

**Solid Waste Mangement Fund Grant Awards**

and Solid Waste Tonnage Fees for Eash County

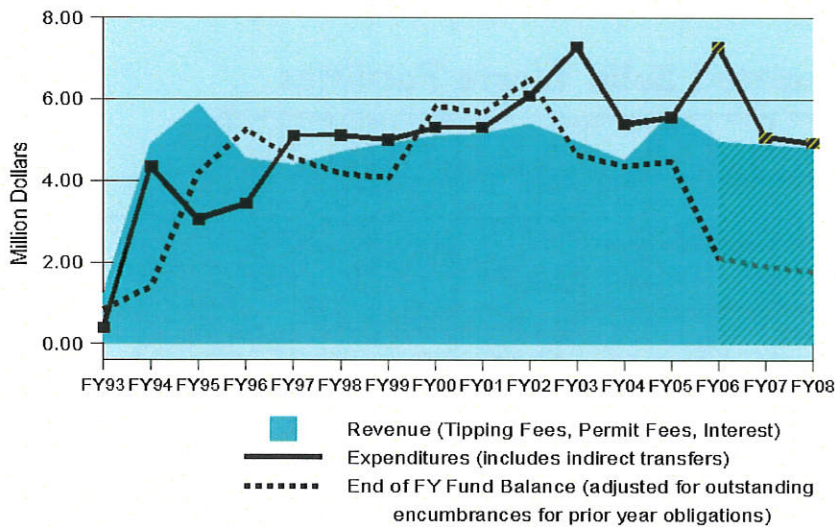
(includes public and private sector grants)

July 1, 1993 - January 12, 2006

COUNTY	PLAN		BASE	HHW, AG		TOTAL GRANT	
	IMPLEMENTATION	PLANNING		PESTICIDE, SQG	DOLLARS AWARDED	TONNAGE FEES	
OSAGE	\$132,096.00	\$35,209.00	\$5,000.00	\$31,972.42	\$204,277.42	\$26,198.23	
OSBORNE	\$93,000.00	\$44,896.29	\$0.00	\$8,395.00	\$146,291.29	\$53,262.00	
OTTAWA	\$89,228.80	\$0.00	\$5,000.00	\$0.00	\$94,228.80	\$9,775.51	
PAWNEE	\$119,967.00	\$41,142.00	\$0.00	\$0.00	\$161,109.00	\$19,836.67	
PHILLIPS	\$137,000.00	\$44,896.29	\$0.00	\$6,749.11	\$188,645.40	\$164,911.68	
POTTAWATOMIE	\$119,700.00	\$25,537.00	\$0.00	\$25,163.15	\$170,400.15	\$71,708.98	
PRATT	\$76,182.71	\$54,161.00	\$4,986.00	\$25,518.83	\$160,848.54	\$83,980.10	
RAWLINS	\$59,456.00	\$66,452.40	\$0.00	\$50,537.31	\$176,445.71	\$17,685.00	
RENO	\$130,256.00	\$35,945.33	\$0.00	\$0.00	\$166,201.33	\$1,904,331.97	
REPUBLIC	\$50,000.00	\$38,558.00	\$0.00	\$876.42	\$89,434.42	\$23,562.68	
RICE	\$99,000.00	\$35,945.33	\$0.00	\$0.00	\$134,945.33	\$86,856.48	
RILEY	\$210,150.00	\$77,037.00	\$15,000.00	\$39,972.20	\$342,159.20	\$41,175.66	
ROOKS	\$130,000.00	\$53,896.29	\$0.00	\$9,450.85	\$193,347.14	\$88,240.31	
RUSH	\$35,000.00	\$3,603.60	\$0.00	\$6,749.11	\$45,352.71	\$26,010.86	
RUSSELL	\$0.00	\$44,896.29	\$0.00	\$6,749.11	\$51,645.40	\$79,557.72	
SALINE	\$153,600.00	\$50,100.00	\$7,500.00	\$0.00	\$211,200.00	\$1,201,485.76	
SCOTT	\$0.00	\$32,233.00	\$0.00	\$0.00	\$32,233.00	\$17,271.80	
SEDGWICK	\$1,215,356.00	\$295,924.11	\$0.00	\$247,700.00	\$1,758,980.11	\$7,322,551.81	
SEWARD	\$263,760.00	\$29,000.00	\$0.00	\$20,460.00	\$313,220.00	\$942,392.48	
SHAWNEE	\$724,278.00	\$60,000.00	\$0.00	\$111,476.32	\$895,754.32	\$4,404,876.60	
SHERIDAN	\$56,956.00	\$44,896.29	\$0.00	\$12,634.00	\$114,486.29	\$32,954.32	
SHERMAN	\$256.00	\$53,896.29	\$0.00	\$0.00	\$54,152.29	\$54,696.93	
SMITH	\$75,000.00	\$44,896.29	\$0.00	\$11,700.00	\$131,596.29	\$60,096.90	
STAFFORD	\$59,455.00	\$41,142.00	\$0.00	\$0.00	\$100,597.00	\$9,530.00	
STANTON	\$20,000.00	\$32,233.00	\$0.00	\$0.00	\$52,233.00	\$25,115.37	
STEVENS	\$54,500.00	\$32,233.00	\$0.00	\$0.00	\$86,733.00	\$49,011.31	
SUMNER	\$45,214.72	\$47,997.00	\$0.00	\$26,284.67	\$119,496.39	\$141,421.95	
THOMAS	\$478,102.00	\$44,896.29	\$0.00	\$20,000.00	\$542,998.29	\$86,232.67	
TREGO	\$95,022.75	\$44,896.29	\$0.00	\$22,752.11	\$162,671.15	\$23,357.05	
WABAUNSEE	\$25,000.00	\$25,537.00	\$0.00	\$21,539.20	\$72,076.20	\$2,412.98	
WALLACE	\$30,257.00	\$66,452.40	\$0.00	\$11,122.05	\$107,831.45	\$20,489.00	
WASHINGTON	\$299,425.00	\$5,537.00	\$5,000.00	\$57,139.20	\$367,101.20	\$11,367.66	
WICHITA	\$202,528.00	\$32,233.00	\$0.00	\$0.00	\$234,761.00	\$24,158.40	
WILSON	\$178,929.00	\$29,438.00	\$6,389.00	\$11,575.00	\$226,331.00	\$58,083.33	
WOODSON	\$104,365.00	\$29,438.00	\$6,389.00	\$3,300.00	\$143,492.00	\$3,225.43	
WYANDOTTE	\$235,256.00	\$72,000.00	\$30,000.00	\$27,000.00	\$364,256.00	\$4,389,666.49	
TOTAL	\$14,761,617.79	\$4,068,328.64	\$276,564.06	\$2,425,818.04	\$21,532,328.53	\$59,744,452.06	
Out of State Awards	\$210,489.00			Out of State Awards	\$210,489.00		
	\$14,972,106.79			Total Solid Waste Management Funds Awarded	\$21,742,817.53		

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## Solid Waste Management Fund

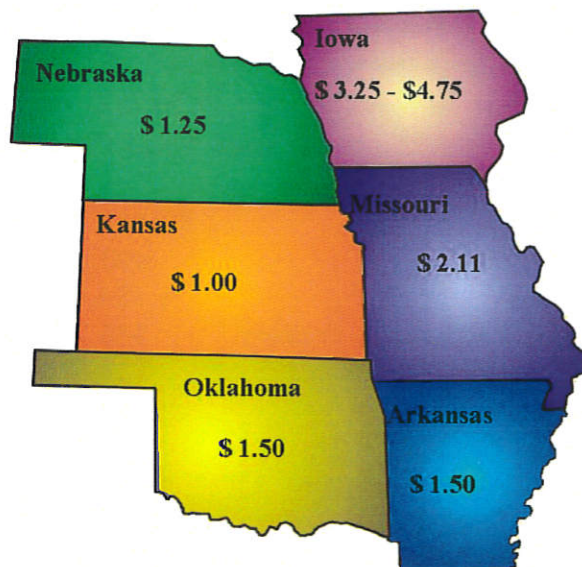


<<< FY 2006 expenditures include \$992,495 in encumbrances.

### Priorities for Solid Waste Fund Use

1. Administer solid waste regulatory program (permitting, inspections, enforcement, etc.)
2. Clean-up work to protect human health and the environment (illegal dump program, old city dump program, etc.)
3. Technical training for facility operators
4. Waste sweeps to remove dangerous materials from environment
5. Solid waste public education and awareness building
6. Grants for recycling, composting, and HHW projects

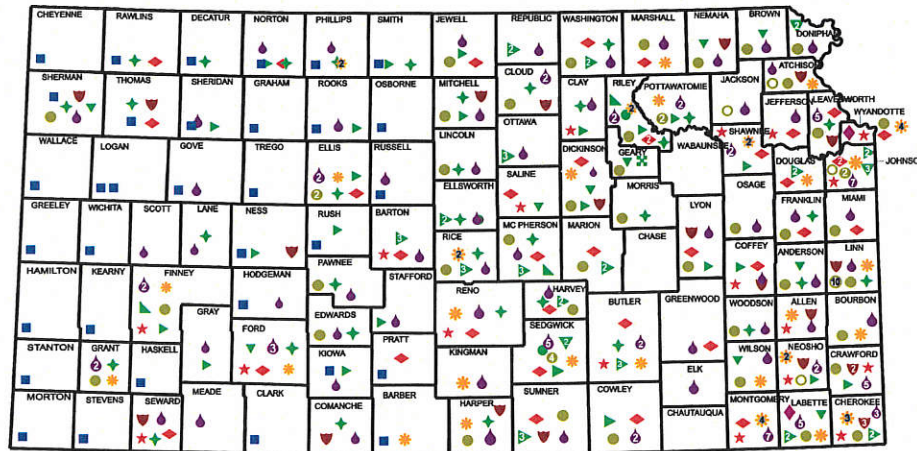
### Kansas Tonnage Fee Compared to Neighboring States





The Kansas Solid Waste Program - FY 2005 Fiscal Activity  
 Prepared by the KDHE Bureau of Waste Management for the  
 House Environment Committee, 2006

Permitted Solid Waste Facilities



- Small Arid Landfills (33)
- ★ Subtitle D Landfills (18)
- ◆ C&D Landfills (115)
- ✱ Industrial Landfills (42)
- ▼ Tire Monofills (23)
- Transfer Station (50)
- Rolloff Container Transfer Station (14)
- ⊕ State Composting Site (3)
- ⊕ County Compost Site (36)
- ⊕ City Compost Site (60)
- ⊕ Private Compost Site (16)
- ⊕ Military Compost Site (1)
- ⊕ Landfarm (3)
- ◆ Permanent HHW Facility (37)
- ◆ Incinerators (2)

Uses for Solid Management Fund

Labor and staff operating costs	Public education on solid waste issues
Grants for recycling, composting, HHW	Disposal of abandoned hazardous waste
Reviewing county and regional plans	Gov. Grant Advisory Committee expenses
Inspecting operating & closed SW facilities	Clean-up of illegal dumps
Remediation at closed SW facilities	Special universal waste collection events
Emergency clean-up at old closed city dumps	Disposal of HW from natural disasters
Remediation at active facilities if necessary	-----

Revenue Sources: Landfill tonnage fees (\$1 per ton), \$4.4 to 4.8 mil/year  
 Permit fees (new and renewals), \$65,000-\$130,000/year  
 Interest on fund balance, \$50,000 to \$80,000/year  
**FY 2005 Revenue - \$5,901,157 (includes over \$500,000 in late payments)**

FY 2005	Salaries	\$2,124,111
Expenditures	Operations	400,676
	Grants	1,154,337
	Public Education & Training	345,708
	Lab Chemical Sweep	123,830
	Miscellaneous	51,933
	Illegal Dump Clean-Up	305,857
	City Dump Remediation	<u>290,189</u>
	Total Expenses	\$4,476,641
	Indirect Transfers	777,612
	<b>Total Use of Fund</b>	<b>\$5,574,253</b>



# KANSAS

RODERICK L. BREMBY, SECRETARY

KATHLEEN SEBELIUS, GOVERNOR

DEPARTMENT OF HEALTH AND ENVIRONMENT

**Testimony on Kansas Revolving Loan Programs  
for  
Water Pollution Control & Public Water Supply  
Program Briefing  
to  
House Environment Committee  
Presented by Karl Mueldener  
Director, Bureau of Water**

**January 17, 2006**

KDHE administers two water related revolving funds. One for municipal wastewater works and the other for municipal drinking water works. The funds are commonly called the SRF for state revolving fund. The SRFs are a way for the state to help communities finance construction of local sewerage and drinking water infrastructures. Loans are made by the state to communities at below market rates. Repayments on the loans are returned to the SRF for future loans to other communities. The SRFs were authorized by federal legislation, the Clean Water Act in 1988 and the Safe Drinking Water Act in 1996, and by state legislation in 1989 and 1994, respectively. The programs have been very successful and are examples of what can be accomplished cooperatively between local, state, and federal government.

KDHE administers the SRFs in close cooperation with the Kansas Development Finance Authority (KDFA) and the Department of Administration. KDFA provides financial expertise and arranges for the required matching funds. The federal EPA makes a grant to the state, which is required to provide a 20% match. Kansas has provided the required match by issuance of revenue bonds. The repayment stream from local municipalities provides revenue by which the bond payments are made. In effect the bonds are supported by the monthly sewer and water fees of municipalities with an SRF loan.

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House Environment Committee  
1-17-2006  
Attachment 2

Financial analyses indicated the SRFs could support additional revenue bonds beyond the minimum 20% required by federal law. As the infrastructure needs of municipalities are greater than the SRF, Kansas has provided matching funds in excess of the minimum 20% required. This is commonly referred to as leveraging. Again this leveraging or overmatching is through bonds, which are repaid from the loan proceeds of the borrowing municipalities. All assets of the SRFs are pledged to repay the revenue bonds. The Kansas SRF bonds have been rated by Wall Street and have been well regarded and recently upgraded to AAA rating.

Repayments by the municipality can be established in any schedule requested by the municipality, but not to exceed 20 years. A convenient feature with the SRF is a municipality does not need to arrange for temporary financing. The SRF also covers engineering and administrative costs. The largest and smallest loans to date were for about \$60 million and \$20,000, respectively.

Attached are several information pieces developed regarding the SRFs. Included are:

- 1) List of loans made in Calendar Year 2005.
- 2) List of loans planned.
- 3) Bulleted briefing documents for the two SRFs, including suggested changes to federal law.



## Wastewater Projects Funded by SRF Calendar Year 2005

<u>PROJECT NAME</u>	<u>MUNICIPALITY</u>	<u>LOAN AMOUNT</u>
ELDORADO PLANT	ELDORADO	11,500,000.00
PITTSBURG I/I CORR.	PITTSBURG	4,000,000.00
LOGAN PLANT	LOGAN	833,730.00
HUGOTON PLANT	HUGOTON	2,955,000.00
WATHENA PLANT	WATHENA	950,000.00
CEDAR CREEK PLANT	OLATHE	1,430,000.00
EUDORA SEWER	EUDORA	890,000.00
UNIONTOWN PLANT	UNIONTOWN	277,000.00
LEAVENWORTH COUNTY SEWER	LEAVENWORTH COUNTY	424,500.00
DOWNS PLANT	DOWNS	1,461,095.00
AMERICUS PLANT	AMERICUS	1,637,000.00
PRETTY PRAIRIE PLANT	PRETTY PRAIRIE	721,403.00
WETMORE PLANT	WETMORE	454,087.00
WINCHESTER PLANT	WINCHESTER	693,580.00
BAILEYVILLE PLANT	BAILEYVILLE IMP. DIST. NO. 1	83,500.00
ALMA PLANT	ALMA	400,346.00
NEODESHA SEWER REHAB.	NEODESHA	623,581.00
WINDOM PUMP STATION	WINDOM	67,500.00
EUREKA SEWER REHAB.	EUREKA	510,204.00
GORHAM PLANT	GORHAM	237,200.00
WESTMORELAND PLANT	WESTMORELAND	579,805.00
EASTON PLANT	EASTON	400,000.00
BENTLEY PLANT	BENTLEY	253,000.00
PRINCETON PLANT	PRINCETON	152,175.00
PROTECTION PLANT	PROTECTION	363,375.00
CANEY SEWER	CANEY	21,000.00
HUMBOLDT SEWER REHAB.	HUMBOLDT	684,000.00
OGDEN PUMP STATION	OGDEN	800,322.00
SAWYER PLANT	SAWYER	117,570.00
ABILENE PLANT	ABILENE	6,683,000.00
BUHLER PLANT	BUHLER	866,000.00
HILLSBORO PLANT DESIGN	HILLSBORO	242,000.00

Plant = Wastewater Treatment Facility

## Wastewater Projects Planned If Adequate Funding Available

<u>PROJECT NAME</u>	<u>MUNICIPALITY</u>	<u>LOAN AMOUNT</u>
ATCHISON FORCE MAIN	ATCHISON	2,500,000.00
ATLANTA PLANT	ATLANTA	225,000.00
BEATTIE PLANT	BEATTIE	300,000.00
BENTON PLANT	BENTON	555,000.00
BURRTON PLANT	BURRTON	400,000.00
CHETOPA I/I CORR.	CHETOPA	350,000.00
INDUSTRIAL PARK PLANT	DOWNS	200,000.00
ELLSWORTH PLANT	ELLSWORTH	300,000.00
FALL RIVER PUMP STATION	FALL RIVER	58,445.00
GENESEO PLANT	GENESEO	300,000.00
GOODLAND PLANT	GOODLAND	2,500,000.00
HAVEN PLANT	HAVEN	300,000.00
HESSTON PLANT	HESSTON	425,000.00
HILLSBORO PLANT CONST.	HILLSBORO	600,000.00
HORTON PLANT	HORTON	1,727,300.00
IOLA PLANT	IOLA	800,000.00
JEFFERSON COUNTY S.D. #5 PLANT	JEFFERSON COUNTY	100,000.00
JEFFERSON COUNTY S.D. #7 PLANT	JEFFERSON COUNTY	1,500,000.00
JETMORE PLANT	JETMORE	500,000.00
PLANT 14 DISINFECTION	KANSAS CITY	800,000.00
LARNED PLANT	LARNED	3,500,000.00
MARION PLANT	MARION	500,000.00
NICKERSON PLANT	NICKERSON	3,000,000.00
OSAGE CITY PLANT	OSAGE CITY	500,000.00
OSKALOOSA I/I CORR.	OSKALOOSA	744,108.00
QUENEMO I/I CORR.	QUENEMO	500,000.00
RANTOUL PLANT	RANTOUL	200,000.00
SHARON PLANT	SHARON	100,000.00
STAFFORD PLANT	STAFFORD	200,000.00
STROTHER FIELD PLANT	STROTHER FIELD I. P.	1,000,000.00
SUMMERFIELD PLANT	SUMMERFIELD	85,000.00
ULYSSES PLANT	ULYSSES	594,300.00
VIOLA	VIOLA	200,000.00
WAKEENEY	WAKEENEY	300,000.00

Plant = Wastewater Treatment Facility

Prepared by:  
Rod Geisler 01/17/06

## Kansas Water Pollution Control Revolving Loan Fund

- > Provides low interest loans to Municipalities for water pollution control projects.
- > Water pollution control projects include wastewater treatment plants, sewage pumping stations, interceptors, collector sewers, sewer system rehabilitation and Infiltration/Inflow improvements, and combined sewer correction and control.
- > Municipalities are cities, county sewer districts, improvement districts.
- > The KWPCRF is designed to last into perpetuity, loan repayments from municipalities are used to repay state bonds, with any excess returned to the fund to provide future loans.
- > Projects must comply with federal and state requirements for Project Planning and Design, Environmental Clearances, and Construction Contracts.
- > Repayment period can be up to 20 years; semi annual repayments. Applicant must show a dedicated source of revenue for repayment. Municipalities with taxing authority must pledge that authority to guarantee repayment. Municipalities which do not provide this "general obligation" pledge will provide a pledge of revenues and are required to buy a Policy of (Bond) Insurance, which typically requires a reserve account equal to 10% of the loan amount and maintain a debt service coverage ratio of 125%. First repayment is due within 1 year of project completion or 2 years after the first draw.
- > Interest rates vary slightly month to month, and have ranged from 2.57% - 4.40% and are set by Regulation at 60% of the "bond buyers 20 bond index". Once a loan agreement is developed, and executed by KDHE and the municipality, the interest rate is fixed for the term of the loan. The loan amount may increase or decrease based on actual costs within the scope of the project and availability of funds. The interest rate includes a 0.25% service fee.
- > There are no loan origination fees with the KWPCRF.
- > Nearly all project costs can be included in the loan amount including interest during construction, engineering, legal, and construction. Land and easement costs are not eligible. Temporary financing is not needed when participating in the loan program.
- > A minimum 10% of monies must be made available to municipalities of less than 5000 population.
- > A project must appear in the Intended Use Plan (IUP) to qualify for funding. The IUP is updated annually (July 1 through June 30).



- > A loan commitment can be used as local match on CDBG applications.
- > A municipality must complete an engineering report for the project.
- > The Kansas Department of Health and Environment (KDHE) anticipates approximately \$6 million will be available for the FY06 IUP.
- > Since 1989, the KWPCRF has provided 304 loans totaling over \$742 million, and made over \$620 million in payments. Municipalities serving a population less than 5,000 have received 30.5% of the loan funds.
- > Program statutes can be found at 65-3321 to 65-3329, regulations are at KAR 28-16-110 to 28-16-138.
- > For further information contact Mr. Rod Geisler, KDHE-Bureau of Water, Municipal Programs Section, (785) 296-5527.

Jan. 2006 -KDHE BOW MPS Section

**Drinking Water Projects Funded by SRF  
Calendar Year 2005**

<u>PROJECT TYPE</u>	<u>MUNICIPALITY</u>	<u>LOAN AMOUNT</u>
WATER MAIN REPLACEMENT	DWIGHT	\$324,240
WATER TREATMENT PLANT IMPROVEMENTS	GARDNER	\$7,582,910
DISTRIBUTION SYSTEM REPLACEMENT	GLADE	\$360,191
ELEVATED WATER TOWER	HANOVER	\$171,000
WATER MAIN REPLACEMENT	HILL CITY	\$2,443,763
WATER MAIN REPLACEMENT	HOLTON	\$444,100
WATER TREATMENT PLANT EXPANSION	KANSAS CITY BPU	\$9,000,000
WATER TREATMENT PLANT	LANE	\$389,000
WATER TRANSMISSION MAIN REPLACEMENT	MEDICINE LODGE	\$1,022,581
WATER MAIN REPLACEMENT	TOPEKA	\$2,055,933
NITRATE BLENDING & WATER MAIN REPLACEMENT	WHITE CITY	\$452,130

## Drinking Water SRF Potential Projects Calendar Year 2006

<u>PROJECT TYPE</u>	<u>MUNICIPALITY</u>	<u>LOAN AMOUNT</u>
New Water Source to Reduce Nitrates	Osborne Co RWD #1A	\$75,000
New Well and Existing Well Rehab	Arlington	\$250,000
Treatment Plant Improvements and Waterline Upgrade	Valley Falls	\$1,680,400
Water Line Replacement	Argonia	\$900,000
Well & Treatment plant Rehabilitation	Frontenac	\$1,882,000
Water Treatment Plant Upgrade and Rehabilitation	Norton	\$2,882,000
Nitrate Treatment and Water Line	Conway Springs	\$1,130,000
Treatment Plant and Transmission Mains	Hutchinson	\$15,736,000
New Wells and Distribution Expansion to Unserved Area	Harvey Co. RWD #1	\$3,513,050
Extndend Service, Additional Source, Looping	Valley Center	\$1,372,910
New Water Supply Well	Greensburg	\$500,000
New Water Well and Tower	Marysville	\$1,266,817
Water Treatment Plant Upgrade	Emporia	\$3,500,000
Phase II Distribution System Improvements	Little River	\$1,381,112
Interconnect with Nemaha Co RWD #3 and New Storage	Nemaha Co RWD #2	\$200,000
Distribution Pipe Replacement, Storage, and Pumps	Nemaha Co RWD #3	\$893,000
New Well	Scammon	\$190,000
Water Transmisson Main replacement	Baldwin	\$2,500,000
New Well and Treatment Facility	Jefferson Co RWD #9	\$600,000
Water Main Replacement	Crawford Co RWD #1	\$720,000
New Well Construction	Ellis	\$300,000
Standpipe Rehab and Valve Replacement	Hamilton Co RWD #1	\$28,000
Distribution System Replacement	Moran	\$5,000,000
Water Tower Rehabilittiation	Norcatour	\$35,000
Well and Tower Rehab and Waterline Replacement	Bucklin	\$100,000
New Raw Water Supply line from Federal Reservoir	Council Grove	\$100,000
Storage Tank Rehabilitation and Waterline Looping	Lorraine	\$179,800
Connect to new well	Nickerson	\$350,000
Elevated Water Tower	St. Marys	\$750,000
Distribution Main 21st form Oakely to Gage & South to Shunga	Topeka	\$3,475,200
Distribution Main 12th St. from Western to Monroe	Topeka	\$1,543,000
Distribution Main 41st St. and Royal Lan to 33rd St.	Topeka	\$1,132,200
Distribution Main Lower Silver Lake Rd from Furman to Vail	Topeka	\$2,235,700
Treatment Plant and Distribution Improvements	Cherokee Co RWD #3	\$1,500,000
Storage Tank and construction of Waterline	Johnson County RWD #	\$1,100,000
Argentine 2 Million Gallon Elevated Tank	Kansas City BPU	\$3,400,000
Argentine 7 Million Gallon Ground Storage	Kansas City BPU	\$6,800,000
New Well and Rehab Treatment Plant	Lecompton	\$994,500
Replace 14 miles of lines	Osage CO RWD # 7	\$450,000
Water Line Replacement	Rantoul	\$425,000
New Water Supply Well/Interconnection	Rooks County RWD #1	\$232,320
Interconnect with Kansas City BPU	Tonganoxie	\$2,600,000
Well for Backup supply	Douglass	\$65,678
New Well	Glen Elder	\$68,000
Water Transmission Main & Looping	Pleasanton	\$288,400
Storage tank and lines	Sabetha	\$730,000
Waterline Extension and Looping	Mont. Co RWD #11	\$100,000
Water Tower and Water Line Replacement	Douglas Co RWD #6	\$1,000,000
Water Tower Construction	Girard	\$900,000
Nearman Filter Expansion	Kansas City BPU	\$8,052,000
New Regional Water Treatment Plant and Water Lines	Louisburg	\$14,800,000



## Kansas Public Water Supply Loan Fund

- > Provides low interest loans to Municipalities for public water supply projects.
- > Public water supply projects include water treatment plants, water transmission mains, water line extensions, water storage tanks, sources, and major system rehabilitation and improvements.
- > Municipalities are cities, rural water districts, improvement districts, or other political or taxing subdivisions of the state.
- > Fund is designed to last into perpetuity, loan repayments are used to repay state bonds, with any excess returned to the fund to provide future loans.
- > To qualify for a loan, a municipality must adopt and implement a water conservation plan approved by either the Kansas Water Office or the Division of Water Resources.
- > Projects must comply with federal and state requirements for Project Planning and Design, Environmental Clearances, and Construction Contracts.
- > Repayment period can be up to 20 years; semi annual repayments. Applicant must show a dedicated source of revenue for repayment. Municipalities with taxing authority must pledge that authority to guarantee repayment, or purchase insurance. Municipalities without taxing authority must provide a reserve account equal to 10% of the loan amount and maintain a debt service coverage ratio of 125%, or maintain a debt service coverage ratio of 140%. First repayment is due within 1 year of project completion or 2 years after the first draw.
- > Interest rates vary slightly month to month, and have ranged from 3.42% - 4.80% and are set in the Intended Use Plan at 80% of the "bond buyers 20 bond index". Once a loan agreement is developed, and executed by KDHE and the municipality, the interest rate is fixed for the term of the loan. The loan amount may increase or decrease based on actual costs within the scope of the project and availability of funds. The interest rate includes a 0.35% service fee. A loan origination fee of 0.25% is charged.
- > Nearly all project costs can be included in the loan amount including interest during construction, land and easements. Land and easements acquired through eminent domain are not eligible. Temporary financing is not needed when participating in the loan program.
- > Up to 20% of monies must be made available to municipalities of less than 5000 population.

- > Several projects activities are not eligible for loans from this fund. These include purchase of water rights, projects which trigger the state water transfers act (2.000 ac-ft over 35 miles), loans to municipalities who have not adopted a water conservation plan, municipalities that are in "significant non-compliance" with any applicable primary drinking water regulation unless the project will return the applicant to compliance. Dams and reservoirs and maintenance costs are also not eligible.
- > A project must appear in the Intended Use Plan (IUP) to qualify for funding. The IUP adopted in July and can be amended.
- > A loan commitment can be used as leverage (Local Match) on CDBG applications. The IUP includes \$1.8 million to provide CDBG matching funds for projects that are not included on the IUP.
- > A municipality must complete a project submittal form for each project for which funding is requested. An engineering report, if available, will assist KDHE in accurately ranking projects.
- > Factors considered in project ranking include resolution of water quality problems, particularly compliance with drinking water standards; reliability of pumping and treatment, reliability of source, adequate storage and pressure, the requirements of future regulations, and the applicant's median household income. Projects which serve more than one water system receive bonus points.
- > Since 1996, the KPWSLF has provided 136 loans totaling \$ 304 million, and made \$226 million in payments. Municipalities serving a population less than 5,000 have received 69% of the loans and 35% of the money.
- > Program statutes can be found at 65-163d to 65-163u, regulations are at KAR 28-15-50 to 65.
- > For further information contact Mr. Dave Waldo, KDHE-Bureau of Water, Public Water Supply Section, (785) 296-5514, or visit the web at <http://www.kdheks.gov/pws/loan/loanfund.htm>.