

MINUTES OF THE HOUSE AGRICULTURE AND NATURAL RESOURCES COMMITTEE

The meeting was called to order by Chairman Larry Powell at 3:30 p.m. on January 22, 2009, in Room 783 of the Docking State Office Building.

All members were present except:

Representative Josh Svaty - excused

Committee staff present:

Corey Carnahan, Kansas Legislative Research Department  
Raney Gilliland, Kansas Legislative Research Department  
Mike Corrigan, Office of the Revisor of Statutes  
Pat Matzek, Committee Assistant

Conferees appearing before the Committee:

Susan Kang, Assistant Secretary, Department of Health & Environment  
Earl Lewis, Assistant Director, Kansas Water Office

Others attending:

See attached list.

Bill Introductions:

Chairman Powell introduced Susan Kang, Assistant Secretary, Department of Health & Environment, who introduced a bill on the Waste Tire Recycling Grant Program. The issue is to revoke a sunset clause.

Representative Johnson made a motion to introduce the bill. Representative Fund seconded the motion. The motion carried.

Earl Lewis, Assistant Director, Kansas Water Office, gave an overview on the State Water Plan Fund (SWPF) (Attachment 1), and distributed a copy of the Kansas Water Authority 2009 Annual Report (on file at the Kansas Water Office). The fund is used primarily for the purpose of implementing projects and programs identified in the State Water Plan.

The Water Authority, in the mid 80s, also wanted to expand public input in their process and developed the Basin Advisory Committees which provide insight and advice on water issues to the Kansas Water Authority and serve as a forum for community involvement. Each of the state's 12 principal river basins in Kansas has a Basin Advisory Committee. The committees were established in 1985.

Mr. Lewis provided an overview of sources of funding:

- State General Fund
- EDIF (Lottery)
- Fees and Fines
- Clean Drinking Water Fees

Mr. Lewis also reviewed some of the types of Programs and Projects:

- Water Transition Assistant Program is a five-year, pilot project to purchase and retire irrigation water rights in targeted areas; land can be dryland cropped after retirement.
- Conservation Reserve Enhancement Program is a voluntary program for landowners to enroll irrigated acres along the Arkansas City corridor.
- Reservoir Sustainability Initiative is a comprehensive approach to the protection and restoration of our surface water storage system.

In 2009, 60% of the SWPF's monies went to the State Conservation Commission which goes out to conservation and watershed districts and is used for terraces, waterways, and stream and lake stabilization projects, to name a few.

Every pond, lake, and reservoir in Kansas is impacted by sediment to some degree. Watershed and farming practices contribute to sedimentation. Storage capacity lost to sedimentation has the highest percentage at

## CONTINUATION SHEET

Minutes of the House Agriculture And Natural Resources Committee at 3:30 p.m. on January 23, 2009, in Room 783 of the Docking State Office Building.

Tuttle Creek, Kanopolis, Toronto and John Redmond Reservoirs. The Kansas Water Authority is requesting that beginning in fiscal year 2010, over three million dollars from the Expanded Lottery Act Revenue Fund be dedicated to the purchase of reservoir storage under federal contract at Perry, Milford and Hillsdale Reservoirs.

At the conclusion of the presentation, questions were asked and comments were made by members of the Committee.

The next meeting is scheduled for January 26, 2009.

The meeting was adjourned at 4:15 p.m.

# AG. & NATURAL RESOURCES COMMITTEE GUEST LIST

DATE: 1-22-09

NAME	REPRESENTING
SEAN MILLER	CAPITOL STRATEGIES
John Babler	Partridge - Smith
Wendy Holburn	KAPA - KRMCA
Joe Mosimann	Hein Law Firm
JOSHUA DEHANI	KGFA
Kevin Lueger	KGFA
Jerry Foster	KGFA
Kyle Sorenson	KGFA
Earl Lewis	KWU
Israel Kaufman	KCC
Jon Kudron	KCC
Galen Brery	L/N WAD #3
Steve [unclear]	KCC
Paul Astren	KFB
Mike Beam	Ks Livestock Assn.
Dana Peterson	KAWG

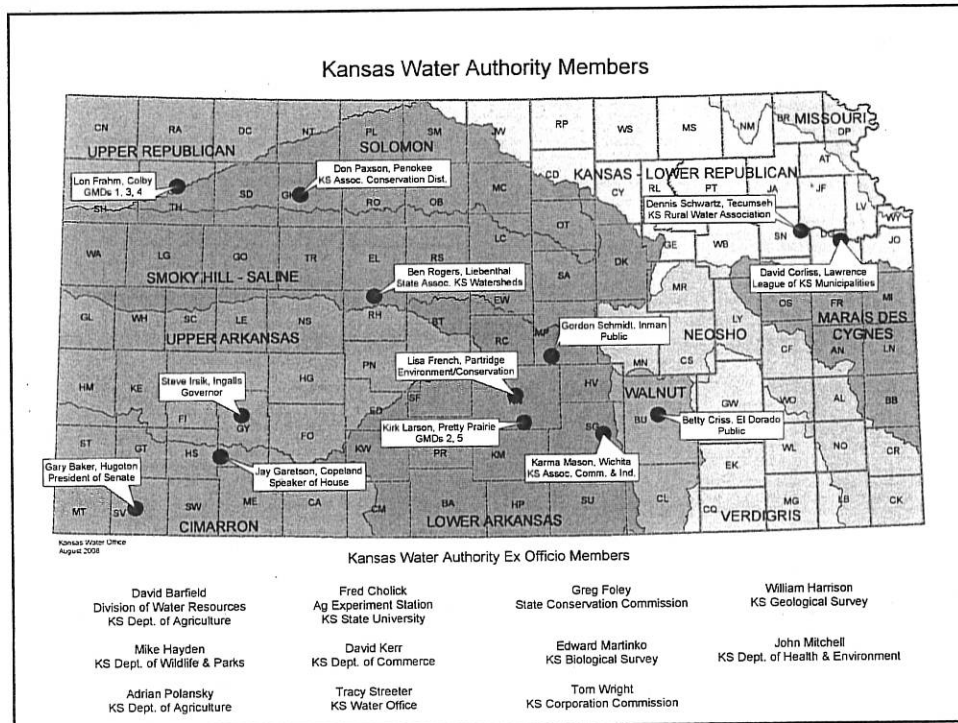


# State Water Plan Fund Overview

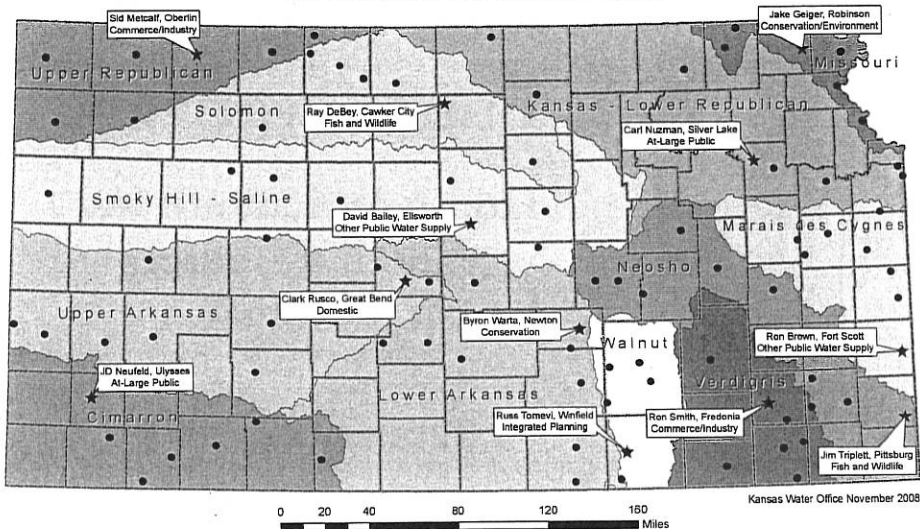
House Agriculture and  
Natural Resources  
Committee

January 22, 2009

Earl Lewis, P.E.  
Assistant Director



## Basin Advisory Committee Chairpersons and Location of Committee Members



- Member
- ★ Chairperson

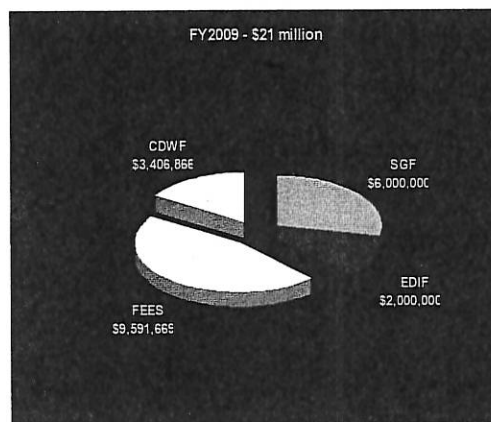
The Basin Advisory Committees provide insight and advice on water issues to the Kansas Water Authority and serve as a forum for community involvement. Each of the state's 12 principal river basins in Kansas has a Basin Advisory Committee. The committees were established on June 28, 1985.

### Basin Advisory Committees

<p><b>Cimarron Basin</b>  <i>J.D. Neuhier, Ulysses, At-Large Public, Chairperson</i>  <i>Elva Werell, Meade, At-Large Public, Vice Chairperson</i>  <i>Bill Barby, Meade, Conservation/Environment</i>  <i>Duane Brumbaugh, Protection, Municipal Public Water Supply</i>  <i>Gene Pflughaft, Ulysses, Commerce/Industry</i>  <i>Gregory Shuler, Manhattan, At-Large Public</i>  <i>Judith S. Adams, Meade, At-Large Public</i>  <i>Larry Swan, Liberal, At-Large Public</i>  <i>Melvin Webb, Moscow, Fish and Wildlife</i>  <i>Theron Walker, Kismet, Agriculture</i>                      (1 position vacant)</p>	<p><b>Missouri</b>  <i>Jake Geiger, Robinson, Conservation/Environment, Chairperson</i>  <i>Aileen Beard, Leavenworth, Recreation, Vice Chairperson</i>  <i>Carol Hughes, Seneca, Education</i>  <i>Daniel Bowen, Atchison, Fish and Wildlife</i>  <i>George Jorgensen, Troy, At-Large Public</i>  <i>Jeffrey Grossenbacher, Bern, Agriculture</i>  <i>Mark Jorgensen, Leavenworth, Municipal Public Water Supply</i>  <i>Paul Steinbach, Atchison, At-Large Public</i>  <i>Richard Moppah, Leavenworth, Water Quality</i>                      (2 positions vacant)</p>	<p><b>Upper Arkansas</b>  <i>Clark Rusco, Great Bend, Domestic, Chairperson</i>  <i>Ron Allen, Dodge City, Recreation, Vice Chairperson</i>  <i>Beverly Komarek, Great Bend, Fish and Wildlife</i>  <i>Jamie Cheatum, Syracuse, Agricultural Industry</i>  <i>Kammi Thompson, Elmwood, At-Large Public</i>  <i>Lynn Freese, Scott City, Commerce/Industry</i>  <i>Michael (Mick) MacNair, Jemima, Conservation/Environment</i>  <i>Randy Haylett, Lakin, Surface Water Irrigation</i>  <i>Roger Mohr, Albert, Groundwater Irrigation</i>  <i>Steve Cottrill, Gannon City, Municipal Public Water Supply</i>  <i>Steven Hires, Coolidge, Agriculture</i></p>
<p><b>Kansas-Lower Republican Basin</b>  <i>Carl Nuzman, Silver Lake, At-Large Public, Chairperson</i>  <i>Arnold Ross, Webber, Irrigation District, Vice Chairperson</i>  <i>Charles Johnson, Concordia, Municipal Public Water Supply</i>  <i>Chris Marmoliti, Topeka, Fish and Wildlife</i>  <i>Daniel Howell, Frankfort, Agriculture</i>  <i>Joel Davidson, Lawrence, Conservation/Environment</i>  <i>Larry Shannon, Topeka, Water Assurance District</i>  <i>Laura Calwell, Mission, Recreation</i>  <i>Shane Musick, Lawrence, Commerce/Industry</i>  <i>William Remyer, Leawood, Planning/Restoration Protection</i>                      (1 position vacant)</p>	<p><b>Neosho</b>  <i>Jim Triplett, Pittsburg, Fish and Wildlife, Chairperson</i>  <i>Peggy Blackman, Marion, Watershed Restoration Protection, Vice Chairperson</i>  <i>Danny Matthews, Council Grove, Municipal Public Water Supply</i>  <i>Darryl Meersdorf, Emporia, Conservation/Environment</i>  <i>Eric Shoemaker, Saint Paul, Recreation</i>  <i>Matthew Zimmerman, Emporia, Water Assurance District</i>  <i>Morgan Marler, Hillsboro, Other Public Water Supply</i>  <i>Pat Saville, Cedar Point, Agriculture</i>  <i>Robert Hammond, New Crown, Commerce/Industry</i>  <i>Ronald Nurnberg, Emporia, Watershed District</i>  <i>Steve Kubler, Chanute, At-Large Public</i></p>	<p><b>Upper Republican</b>  <i>Sid Melcalf, Oberlin, Commerce/Industry, Chairperson</i>  <i>Wayne Bossert, Colby, At-Large Public, Vice Chairperson</i>  <i>Blair Cowan, Goodland, Agriculture</i>  <i>Charles Peckham, Atwood, Government</i>  <i>Danielle Freeman, Colby, Recreation</i>  <i>David Rietcheck, Goodland, Groundwater Management District</i>  <i>Jeffery Hill, Atwood, Dryland Farming</i>  <i>John Kaler, Saint Francis, Conservation/Environment</i>  <i>Joseph Cashmha, Atwood, Municipal Public Water Supply</i>  <i>Lee Jenemann, Norton, Fish and Wildlife</i>  <i>Steven Cox, Long Island, Irrigated Farming</i></p>
<p><b>Lower Arkansas Basin</b>  <i>Byron Warta, Newton, Conservation, Chairperson</i>  <i>Vaughn Weaver, Wichita, Fish and Wildlife, Vice Chairperson</i>  <i>Brian Meier, Wichita, Commerce/Industry</i>  <i>Budd Fountain, Langdon, At-Large West</i>  <i>Carolyn McGinn, Sedgewick, Groundwater Management District</i>  <i>Daniel Filbert, Macksville, Agriculture</i>  <i>Jay Zimmerman, South Haven, Conservation/Environment</i>  <i>Larry Mangum, Wellington, At-Large Public</i>  <i>Mee Brothers, Lyons, Non-municipal Public Water Supply</i>  <i>Sharon Falk, Stafford, Recreation</i>  <i>Suzanne Loomis, Newton, Municipal Public Water Supply</i></p>	<p><b>Smoky Hill-Saline</b>  <i>David Bailey, Ellsworth, Other Public Water Supply, Chairperson</i>  <i>Bill Scott, Ransom, Recreation</i>  <i>Chris Meyer, Sylvan Grove, Agriculture</i>  <i>Darryl Smika, Hays, Conservation/Environment</i>  <i>Dick Starnett, Quinter, Commerce/Industry</i>  <i>Eric Moden, Wakeeney, At-Large Central</i>  <i>Harold Frazer, Sharon Springs, At-Large West</i>  <i>J. Neil Jednoraski, Salina, At-Large East</i>  <i>Karl Esping, Lindsborg, Irrigation</i>  <i>Martha Tasker, Salina, Municipal Public Water Supply</i>                      (1 position vacant)</p>	<p><b>Verdigris</b>  <i>Ronald Smith, Fredonia, Commerce/Industry, Chairperson</i>  <i>John Cowley, Eureka, Agriculture, Vice Chairperson</i>  <i>Arthur Small, Needeha, Agriculture</i>  <i>Bob Timmons, Fredonia, Conservation/Environment</i>  <i>Charles Shively, Coffeyville, Municipal</i>  <i>Debbie Smith, Needeha, Other Public Water Supply</i>  <i>Doug Blez, Independence, Fish and Wildlife</i>  <i>J.D. Rector, Sedan, Recreation</i>  <i>John Head, Thayer, Watershed Protection</i>  <i>Tamara Chislian, Independence, Commerce/Industry</i>  <i>Wayne Lawsonheh, Cheneyville, At-Large Public</i></p>
<p><b>Marais Des Cygnes Basin</b>  <i>Ronald Brown, Fort Scott, Other Public Water Supply, Chairperson</i>  <i>Rory Hale, Spring Hill, Municipal Public Water Supply, Vice Chairperson</i>  <i>Danny Vender, Fort Scott, Fish and Wildlife</i>  <i>David Murphy, Ottawa, Recreation</i>  <i>Francis Bennett, Williamsburg, Conservation/Environment</i>  <i>Frank Groschardt, Pleasanton, At-Large Public</i>  <i>Jeff Castles, Quenemo, Agriculture</i>  <i>Jerry Bennett, Ottawa, At-Large Public</i>  <i>Larry Walrod, La Cygne, Planning and Zoning</i>  <i>Lynn Webster, Osawatomie, Watershed District</i>  <i>Sherman Cole, Osawatomie, Commerce/Industry</i></p>	<p><b>Solomon</b>  <i>Raymond DeBey, Cawker City, Fish and Wildlife, Chairperson</i>  <i>Orville (Owe) Blubaugh, Phillipsburg, Recreation, Vice Chairperson</i>  <i>Dennis Lehmann, Gaylord, Conservation/Environment</i>  <i>James Metzler, Minneapolis, At-Large Public</i>  <i>John Weyel, II, Kenedy, Dryland Farming</i>  <i>Joseph Keith, Peoskee, Commerce/Industry</i>  <i>Stanley Katz, Prairie View, Agriculture</i>                      (4 positions vacant)</p>	<p><b>Walnut</b>  <i>Russ Tomevi, Winfield, Integrated Planning, Chairperson</i>  <i>Rodger Maehlfen, Arkansas City, At-Large Public, Vice Chairperson</i>  <i>Dale Shaffer, Benton, Municipal</i>  <i>David Brazz, Winfield, Conservation/Environment</i>  <i>John Bailey, El Dorado, Recreation</i>  <i>Kirk Hayden, Rose Hill, At-Large Public</i>  <i>Kurt Bookout, El Dorado, Fish and Wildlife</i>  <i>Robert Wilson, Arkansas City, Agriculture</i>  <i>Roger Black, Arkansas City, Watershed Protection</i>  <i>Tom Dixon, Leon, Agriculture</i>  <i>Wayne Kachel, El Dorado, Commerce/Industry</i></p>

# State Water Plan Fund

- Revenue
  - State General Fund
  - EDIF (Lottery)
  - Fees & Fines
  - CDWF (Clean Drinking Water Fees)



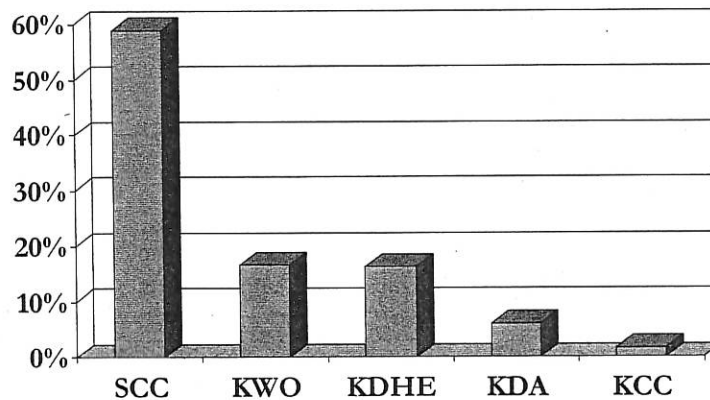
Revenue Source	FY 2006	FY 2007	FY 2008	FY 2009
SGF Transfer	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000
EDIF Transfer	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Municipal Water Fee (\$0.03/1,000)	\$3,454,401	\$3,532,987	\$3,384,068	\$3,748,687
Industrial Water Fee (\$0.03/1,000)	\$1,104,838	\$1,247,221	\$1,038,246	\$1,272,024
Stock water Fee (\$0.03/1,000)	\$359,112	\$361,565	\$386,364	\$368,708
Fertilizer Fee (\$1.40/ton)	\$3,034,328	\$3,054,967	\$3,345,545	\$2,940,000
Pesticide Reg. Fee (\$100/label)	\$989,800	\$1,027,200	\$1,086,990	\$1,000,000
Sand Royalty (\$0.15/ton)	\$225,460	\$206,824	\$150,500	\$182,250
Fines	\$140,395	\$262,070	\$213,622	\$80,000
Clean Drinking Water Fees	\$0	\$0	\$3,073,743	\$3,406,866
<b>TOTAL</b>	<b>\$17,308,334</b>	<b>\$17,692,834</b>	<b>\$20,679,078</b>	<b>\$20,998,535</b>

## Clean Drinking Water Fees

- \$.03/1000 gallons
- Paid by public water supplies
- Per 2005 legislation, 85% to lake restoration and protection & 15% to technical assistance for water users
- Less than 1/3 of the current year funding used for lake restoration

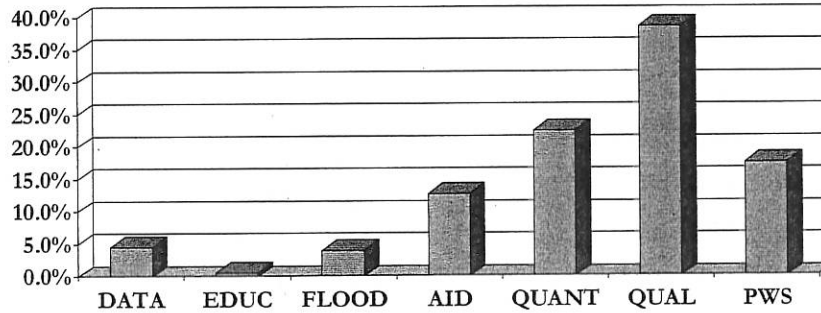
## Where does the SWPF go?

FY 2009 - \$23.8 million



## What type of programs & projects?

FY 2009



## New revenue proposed for FY2010

- \$14.2 million in increased revenue
  - Increase in SWPF fees - \$4.7 million
  - Dedicate 10% of ELARF to water infrastructure projects and debt reduction - \$9.5 million



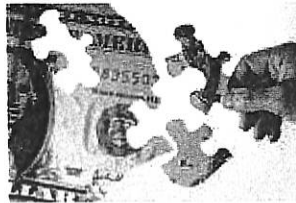
## SWPF Fees

- Most enacted in '89
- No adjustments in the history of the Fund
- Affected fees
  - Municipal
  - Industrial
  - Stockwater
  - Fertilizer
  - Pesticide
  - Sand Royalty (1996)



## SWPF budget

- To maintain FY 2009 funding levels and restore CDWF for lake restoration, \$3.2 million in additional revenue needed
- To enhance project funding, \$1.4 million in additional revenue needed



## Proposed Fee Increases

Description	Current Fee	Current Revenue Est.	Proposed Fee	Proposed Revenue Est.
Municipal Water Use	\$.03/1,000 gal	\$ 3,785,991	\$.045/1,000 gal	\$ 5,678,987
Industrial Water Use	\$.03/1,000 gal	\$ 1,079,103	\$.045/1,000 gal	\$ 1,618,654
Stockwater Use	\$.03/1,000 gal	\$ 404,716	\$.045/1,000 gal	\$ 607,073
Pesticide registration	\$100/product	\$ 965,000	\$150/product	\$ 1,447,500
Fertilizer tonnage	\$1.40/ton	\$ 2,940,000	\$2.10/ton	\$ 4,410,000
Sand Royalty Fee	\$.15/ton	\$ 170,000	\$.225/ton	\$ 255,000

## Program Impacts (without requested enhancement)

Agency	Program	FY 2010 Enhancement Request
KDHE	Contamination Remediation	\$175,022
KDA	Interstate Water Issues	\$62,032
SCC	Water Resources Cost-Share	\$150,000
SCC	Non-Point Source Pollution	\$150,000
SCC	Water Quality Buffer Initiative	\$50,000
SCC	Water Transition Assistance	\$83,595
SCC	Conservation Reserve Enhancement	\$150,000
SCC	Water Supply Restoration	\$1,950,597
KWO	Assessment and Evaluation	\$110,000
KWO	Weather Stations	\$20,000
KWO	Water Resource Education	\$6,093
KWO	Weather Modification	\$20,000
KWO	Aquifer Storage and Recovery	\$300,000
TOTAL		\$3,227,339

### Additional Programs (Enhancements)

Agency	Program	FY 2010 Request
KDA	Hydrologic Modeling	\$100,000
KDA	Dam Safety/Rehabilitation	\$500,000
SCC	WRAPS Implementation	\$594,796
KDWP	Minimum Pool Agreement/Webster Reservoir	\$250,000
<b>TOTAL</b>		<b>\$1,444,796</b>

### Expanded Lottery Act Revenue Fund

- ELARF uses
  - Debt reduction
    - Reservoir storage financing
    - Reservoir Beneficial Use Fund
  - Infrastructure improvement
    - Reservoir sedimentation
    - Other water supply infrastructure
  - Property tax relief

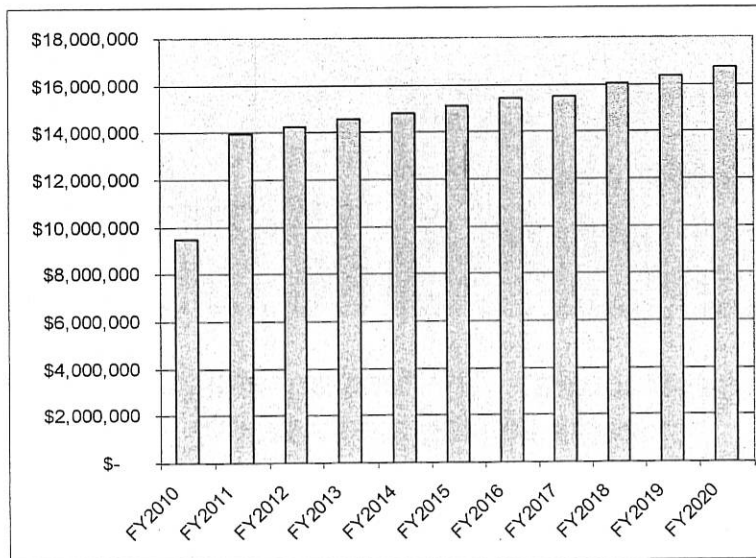


## FY 2010 ELARF REQUEST

*Based on August 2008 Revenue Projections*

KDA	DAM REHABILITATION & SAFETY	\$250,000
SCC	STREAMBANK STABILIZATION	\$1,000,000
KWO	PURCHASE OF RESERVOIR STORAGE (Perry & Milford)	\$3,601,000
KWO	JOHN REDMOND LOGJAM & DREDGING	\$3,449,601
KWO	STREAMBANK PLANNING	\$150,000
KDWP	WEBSTER MINIMUM POOL AGREEMENT	\$750,000
KDWP	RIPARIAN EASEMENTS	\$300,000
TOTAL		\$9,500,000

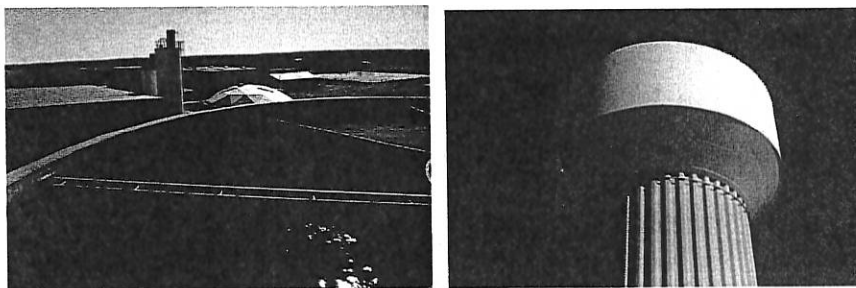
## ELARF Projections – 10% to Water Infrastructure and Debt Reduction



## Debt Reduction

- Contracts for federal reservoir storage
  - Reservoir Beneficial Use Fund passed by 08 Legislature
  - \$534,000 appropriated from SGF
- Perry, Milford, Clinton, Big Hill & Hillsdale
- Future purchases could include Wilson and Kanopolis

## Recognizing water projects as infrastructure

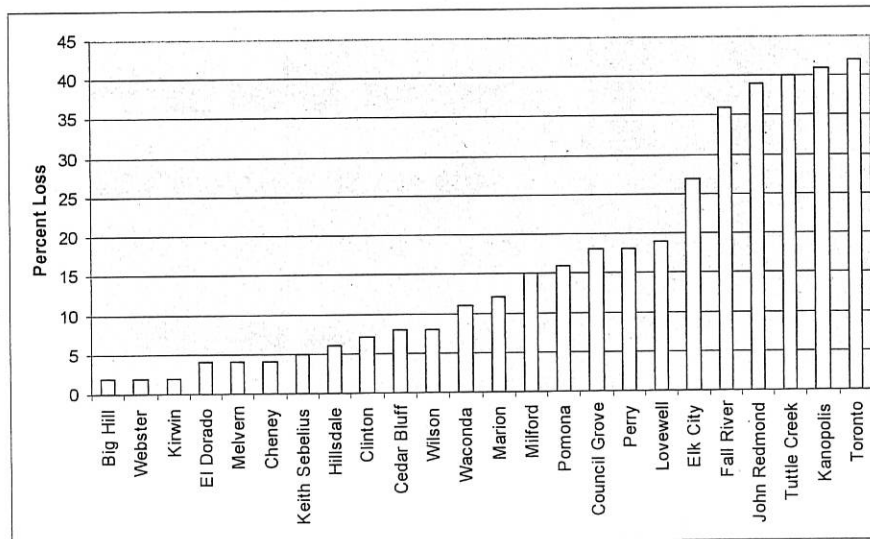


**Infrastructure** - The fundamental facilities and systems serving a county, city, or area.

## Infrastructure Improvement

- Watershed restoration and protection
- Streambank restoration and Riparian protection
- Dam safety and rehabilitation
- Water supply infrastructure
- Aquifer recharge
- Minimum pool agreements

## Reservoir Storage Lost to Sedimentation



## **Current SWPF Budget Status**

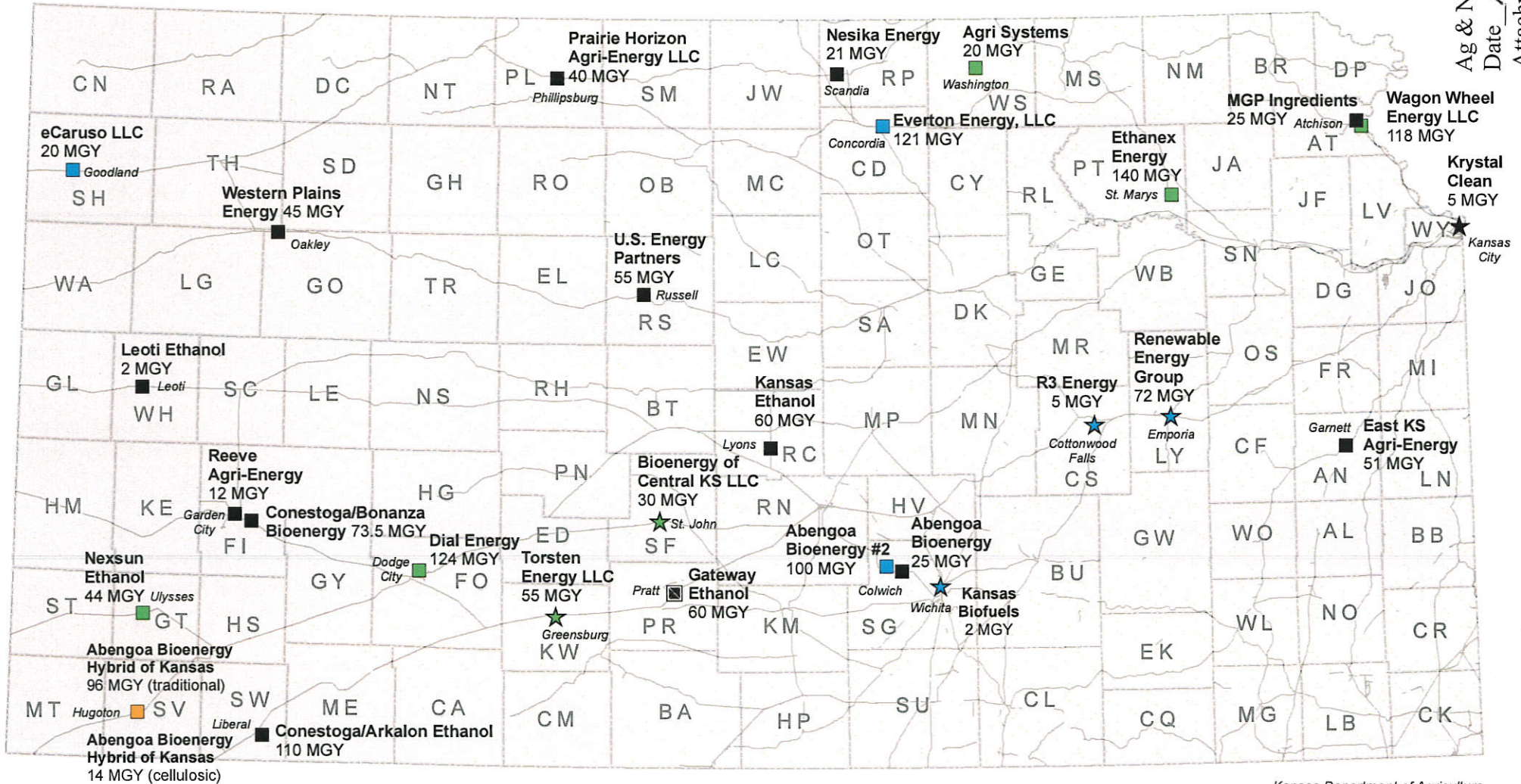
- Proposed Reduction of SGF Demand Transfer
  - FY 2009 & FY 2010
- All SWPF programs affected
- Except for Aid to CD, KDHE-NPS and Sub-Basin Management



## **State Water Plan Fund Overview**

**Questions??**

# Ethanol and Biodiesel Plant Activity in Kansas January 2009



Kansas Department of Agriculture  
Administrative Services, GIS  
January 6, 2009



Millions of gallons per year of permitted capacity.  
Capacities courtesy of Kansas Department of Health and Environment

\* Permitted and Permit Pending codes refer to KDHE Bureau of Air and Radiation – Air Construction permits.

## Ethanol Plants

- Existing: 12 plants, 519.5 MGY
- Under Construction: 3 plants, 241 MGY
- Permitted\*: 5 plants, 446 MGY
- Permit Pending\*: 1 plant, 110 MGY
- Idle: 1 plant, 60 MGY

## Biodiesel Plants

- ★ Existing: 1 plant, 5 MGY
- ★ Under Construction: 3 plants, 79 MGY
- ★ Permitted\*: 2 plants, 85 MGY
- ★ Permit Pending\*: 0 plants, 0 MGY

